

APPENDIX 4E
FULL REPORT TO THE AUSTRALIAN STOCK EXCHANGE

Name of Entity	Adavale Resources Limited
ABN	96 008 719 015
Year ended	30 June 2010
Previous corresponding period	30 June 2009

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$
Revenue from ordinary activities (continuing)	Down 48.3% from	312,233	To	161,532
(Loss) from ordinary activities after tax attributable to members	Down 263% from	(571,053)	To	(2,073,866)
Gain from disposal of subsidiary		15,530	To	-
Net (Loss) for the period attributable to members	Down 273.3% from	(555,523)	To	(2,073,866)

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

Explanation of Revenue

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

	Year Ended 30 June 2010 \$	Year Ended 30 June 2009 \$
Revenues from continuing operations		
Interest from third parties	146,991	310,733
Other	14,542	1,500
	<u>161,533</u>	<u>312,233</u>

Explanation of results

During the year, there was a loss of \$2,703,866 (2009: \$555,523). This was due to the write off in exploration costs totaling \$739,574, where all the holdings in Springvale, Queensland were relinquished (\$622,125) and all the holdings in Mt Flint, South Australia were also relinquished (\$117,449). Also, an impairment charge of \$449,940 had occurred after a review of the exploration licences.

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

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary security (basic)	\$0.0204	\$0.0259
Net tangible assets per ordinary security (diluted)	\$0.0204	\$0.0259

Other matters

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

There are no associates or joint ventures included within the accounts of Adavale Resources Limited

Audit of financial report

The report is based on accounts which are in the process of being audited.

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ADAVALE RESOURCES LIMITED

ACN 008 719 015

**PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2010**

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated 2010 \$	2009 \$	Parent Entity 2010 \$	2009 \$
Continuing Operations	4	161,533	312,233	161,388	311,920
Total revenue		161,533	312,233	161,388	311,920
Employee expenses		(120,000)	(120,000)	(120,000)	(120,000)
Telecommunications & hosting expenses		(219)	(698)	-	-
Interest paid		-	(490)	-	(490)
Premises expenses		(12,000)	(22,000)	(12,000)	(22,000)
Contractor and consultants expenses		(535,789)	(228,600)	(390,000)	(110,000)
Legal expenses		(51,443)	(5,927)	(16,486)	(5,927)
Marketing		-	-	-	-
Share registry fees		(68,627)	(39,483)	(68,203)	(39,058)
Management and administration		(15,000)	(35,216)	(15,000)	(35,216)
Directors fees		(144,000)	(261,840)	(144,000)	(261,840)
Write-Off of Exploration costs		(739,574)	(109,045)	(449,940)	-
Impairment of exploration licence		(449,940)	-	-	-
Other expenses from ordinary activities		(98,807)	(59,987)	(70,929)	(41,033)
Profit / (Loss) from continuing operations before income tax expense		(2,235,399)	(571,053)	(1,286,558)	(323,644)
Income tax expense relating to continuing operations		-	-	-	-
Profit / (Net Loss) from continuing operations after income tax expense		(2,073,866)	(571,053)	(1,125,170)	(323,644)
Other comprehensive income/(loss)					
Profit/(loss) from discontinued operations	25(b)	-	-	-	-
Profit/(loss) on sale of subsidiary	25(d)	-	15,530	-	-
Income tax (expense)/benefit relating to ordinary activities		-	-	-	-
Total comprehensive income/(loss)		(2,073,866)	(555,523)	(1,125,170)	(323,644)
Earnings per Share from continuing operations:					
Basic (loss)/earnings per share – cents	7	(1.13)	(0.31)		
Diluted (loss)/earnings per share – cents	7	(1.13)	(0.31)		
Earnings per Share attributable to the ordinary shareholder of the company					
Basic (loss)/earnings per share – cents	7	(1.13)	(0.30)		
Diluted (loss)/earnings per share – cents	7	(1.13)	(0.30)		

The accompanying notes form part of these financial statements.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
BALANCE SHEET
AS AT 30 JUNE 2010

	Notes	Consolidated 2010 \$	2009 \$	Parent Entity 2010 \$	2009 \$
CURRENT ASSETS					
Cash assets	8	2,556,280	4,821,141	2,518,311	4,803,034
Receivables	9	29,894	22,152	29,895	22,152
Other		8,832	16,015	-	-
TOTAL CURRENT ASSETS		2,595,006	4,859,308	2,548,206	4,825,186
NON-CURRENT ASSETS					
Receivables	9	1,406,531	15,000	3,815,200	2,136,905
Property, plant and equipment	10	4,486	6,341	-	-
Financial Assets	11	-	-	1,050,160	1,500,000
Other	12	2,174,267	3,232,528	-	-
TOTAL NON-CURRENT ASSETS		3,585,284	3,253,869	4,865,360	3,636,905
TOTAL ASSETS		6,180,290	8,113,177	7,413,566	8,462,091
CURRENT LIABILITIES					
Payables	13	266,990	126,011	168,689	92,044
TOTAL CURRENT LIABILITIES		266,990	126,011	168,689	92,044
TOTAL LIABILITIES		266,990	126,011	168,689	92,044
NET ASSETS		5,913,300	7,987,166	7,244,877	8,370,047
EQUITY					
Contributed equity	14	34,771,995	34,771,995	34,771,995	34,771,995
Reserves		31,433	31,433	31,433	31,433
Accumulated losses		(28,890,128)	(26,816,262)	(27,558,551)	(26,433,381)
TOTAL EQUITY		5,913,300	7,987,166	7,244,877	8,370,047

The accompanying notes form part of these financial statements.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Consolidated		Parent Entity	
		2010 \$	2009 \$	2010 \$	2009 \$
Cash flows from operating activities					
Cash receipts in the course of operations		14,542	1,500	14,542	-
Cash payments in the course of operations		(914,170)	(933,142)	(778,175)	(607,835)
Interest received		157,451	336,503	157,306	336,190
Net cash provided by/(used in) operating activities	22(b)	(742,177)	(595,193)	(606,327)	(271,645)
Cash flows from investing activities					
Purchase of property, plant and equipment		-	-	-	-
Exploration expenses capitalised		(131,153)	(577,839)	-	-
Shares purchased		-	-	(100)	-
Net cash (used in) investing activities		(131,153)	(577,839)	(100)	-
Cash flows from financing activities					
Loans to controlled entities		-	-	(286,764)	(910,959)
Loans to other entities		(1,391,531)	(15,000)	(1,391,532)	(15,000)
Net cash provided by (used in) financing activities		(1,391,531)	(15,000)	(1,678,296)	(925,959)
Net increase/(decrease) in cash held		(2,264,861)	(1,187,978)	(2,284,723)	(1,197,604)
Cash at beginning of financial year		4,821,141	6,024,745	4,803,034	6,000,638
Disposal of cash on deconsolidation of subsidiary		-	(15,625)	-	-
Cash at end of financial year	22(a)	2,556,280	4,821,141	2,518,311	4,803,034

The accompanying notes form part of these financial statements.

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ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

ECONOMIC ENTITY	Note	Share Capital	Retained Profits	Option Revaluation Reserve	Total
		\$	\$	\$	\$
Balance at 1 July 2008		34,771,995	(26,260,739)	31,433	8,542,689
Total comprehensive loss for the year		-	(571,053)	-	(571,053)
Profit (Loss) on disposal of subsidiary		-	15,530	-	15,530
Balance at 30 June 2009		<u>34,771,995</u>	<u>(26,816,262)</u>	<u>31,433</u>	<u>7,987,166</u>
Balance at 1 July 2009		34,771,995	(26,816,262)	31,433	7,987,166
Total comprehensive loss for the year		-	(2,073,866)	-	(2,073,866)
Balance at 30 June 2010		<u>34,771,995</u>	<u>(28,890,128)</u>	<u>31,433</u>	<u>5,913,300</u>
PARENT ENTITY	Note	Share Capital	Retained Profits	Option Revaluation Reserves	Total
		\$	\$	\$	\$
Balance at 1 July 2008		34,771,995	(26,109,737)	31,433	8,693,691
Total comprehensive loss for the year		-	(323,644)	-	(323,644)
Balance at 30 June 2009		<u>34,771,995</u>	<u>(26,433,381)</u>	<u>31,433</u>	<u>8,370,047</u>
Balance at 1 July 2009		34,771,995	(26,433,381)	31,433	8,370,047
Total comprehensive loss for the year		-	(1,125,170)	-	(1,125,170)
Balance at 30 June 2010		<u>34,771,995</u>	<u>(27,558,551)</u>	<u>31,433</u>	<u>7,244,877</u>

The accompanying notes form part of these financial statements.

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ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1. REPORTING ENTITY

Adavale Resources Limited (the “Company”) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities. The Group is primarily involved in mining exploration.

The registered office of the Company is:
Adavale Resources Limited
Level 33 Colonial Centre
52 Martin Place
SYDNEY NSW 2000

The principal place of business is:
Unit 8 & 9
88 Forrest Street
COTTESLOE WA 6011

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Accounting Standards interpretations, adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with all Australian equivalents to International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Functional and presentation currency

The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. These consolidated financial statements are presented in Australian Dollar, which is the Group’s functional currency.

(c) Use of estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. All significant areas of estimation uncertainty and critical judgements in applying accounting policies have been disclosed in the following notes to the financial statements.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Material accounting policies adopted in the preparation of this financial report are presented below. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Group unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Adavale Resources Limited (the parent entity) as at 30 June 2010 and the results of all controlled entities for the year then ended. Adavale Resources Limited and its controlled entities together are referred to in this financial report as the consolidated entity.

Controlled Entities

A controlled entity is any entity controlled by Adavale Resources Limited. Control exists where Adavale Resources Limited has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

In the Company's financial statements, investments in controlled entities are carried at cost. A list of controlled entities is contained in Note 21 of the accounts.

Where controlled entities have entered or left the economic entity during the year, their financial statements have been included from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the Economic Entity financial report.

Transactions Eliminated on Consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated on consolidation.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT).

(c) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of Non-Current Assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT).

(e) Foreign Currency Transactions and Balances (cont)

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at their fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognized in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized directly in equity to the extent that the gain or loss is directly recognized in equity, otherwise the exchange difference is recognized in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentational currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognized in the income statement in the period in which the operation is disposed.

(f) Taxation

Current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT).

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Adavale Resources Limited and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the Tax Consolidation Regime from 1 July 2002. The Company, as the head entity in the tax consolidated group, is responsible for recognising current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date basis, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets at Fair Value Through Profit and Loss

A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

Held-to-Maturity Investments

These investments have fixed maturities and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Instruments

Available-for-sale financial instruments include any financial assets not included in the above categories. Available-for-sale financial instruments are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial instruments are recognised at amortised cost, comprising original debt less principal payments and amortisation.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT).

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the value of all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(h) Impairment of Assets

At each reporting date the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(i) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(j) Investments

Controlled Entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

(k) Depreciation and amortisation

Useful Lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the diminishing value method, with the exception of finance lease assets which are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Goodwill balances are reviewed annually and any balance representing future benefits for which the realization is considered to be no longer probable are written off.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed.

The depreciation/amortisation rates used for each class of asset during the current and prior year are as follows:

	2010	2009
Plant and equipment	3–5 years	3–5 years
Field Equipment	3–5 years	3–5 years

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT).

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received.

(m) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date.

(n) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Cash

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(p) Earnings per Share

- (i) **Basic earnings per share:**
Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.
- (ii) **Diluted earnings per share:**
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Exploration Expenses Capitalised

Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relating to, the area of interest are continuing.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT).

(q) Exploration Expenses Capitalised (cont)

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(r) Intangible assets

The intangible assets of the Company are exploration licences acquired during the year ended 30 June 2007.

(s) New Accounting Standards and Australian Accounting Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share base Payment Transactions [AASB 2] (effective from 1 January 2010)

This amendment is not relevant as the group do not have any share-based payment arrangement during the year.

- (ii) AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

This amendment is not relevant as the group do not have right issues that are denominated in a currency other than the function currency of the company.

- (iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group is yet to assess its full impact. However, initial indications are that it may not significantly affect the group's financial statements as the group does not have significant financial assets other than cash and receivables.

- (iv) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group and the parent will need to disclose any transactions between its subsidiaries and its associates. However, it has yet to put systems into place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT).

(q) New Accounting Standards and Australian Accounting Interpretations (Cont)

- (v) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

This amendment is not relevant as the group do not have any debt or equity swap arrangements during the year.

- (vi) AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

This amendment is not relevant as the group do not have any defined benefit plans.

4. REVENUE FROM ORDINARY ACTIVITIES

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Revenue from ordinary activities	-	-	-	-
Revenue from outside the operating activities	-	-	-	-
Interest	146,991	310,733	146,846	310,420
Other revenue	14,542	1,500	14,542	1,500
Total revenue from ordinary activities	161,533	312,233	161,388	311,920

5. AUDITORS' REMUNERATION

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Audit services:				
Auditor of the Company	18,200	14,500	18,200	14,500
	18,200	14,500	18,200	14,500

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6. TAXATION

	Consolidated 2010	2009	Parent Entity 2010	2009
	\$	\$	\$	\$
The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:				
a. Prima facie tax receivable on loss from ordinary activities at 30% (2009: 30%)	(622,160)	(166,657)	(337,551)	(97,093)
Tax effect of deferred tax assets not brought to account	622,160	166,657	337,551	97,093
Income tax expense attributable to entity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The directors have not recognised any tax assets in respect of losses, as they do not believe that the conditions for recognition set out in Note 1(f) have been met.

7. ASSET BACKING AND EARNINGS PER SHARE

	Consolidated 2010	2009
Continuing Operations		
Net tangible asset backing – cents per share	2.04	2.59
Earnings per share		
- Basic – cents	(1.13)	(0.31)
- Diluted – cents	(1.13)	(0.31)
Earnings/(loss) used in the calculation of basic and diluted EPS	<u>(2,073,866)</u>	<u>(571,053)</u>
Weighted average number of ordinary shares used in the calculation of basic and diluted EPS		
- in the calculation of basic EPS	183,593,979	183,593,979
- in the calculation of diluted EPS	183,593,979	183,593,979
Number of options not considered dilutive	2,976,190	8,690,476

As the company reported a loss for the year ended 30 June 2010, options on issue were not included in the calculation of diluted earnings per share.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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8. CASH ASSETS

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash at bank	2,556,280	4,821,141	2,518,311	4,803,034

9. RECEIVABLES

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current				
Trade receivables	-	-	-	-
Less: Provision for impairment of receivables	-	-	-	-
	-	-	-	-
Other receivables	29,894	22,152	29,895	22,152
Total current receivables	29,894	22,152	29,895	22,152
Non-current				
Receivable from other entities	1,406,531	15,000	1,406,531	15,000
Receivable from wholly owned subsidiary	-	-	2,408,669	2,121,905
	1,406,531	15,000	3,815,200	2,136,905

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2010	2009	2009	2008
	\$	\$	\$	\$
Field equipment				
At cost	8,322	8,322	-	-
Accumulated depreciation	(5,194)	(4,152)	-	-
	3,128	4,170	-	-
Office equipment				
At cost	5,887	5,887	-	-
Accumulated depreciation	(4,529)	(3,716)	-	-
	1,358	2,171	-	-
Total property, plant and equipment – Net book value	4,486	6,341	-	-

Movement in Carrying Values

	Field Equipment	Office Equipment
	\$	\$
Carrying value as at 1 July 2009	4,170	2,171
Additions	-	-
Disposals	-	-
Depreciation	(1,042)	(813)
Carrying value as at 30 June 2010	3,128	1,358

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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11. FINANCIAL ASSETS

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Available-for-sale				
Shares in controlled entities	-	-	1,500,000	1,500,000
Less Impairment			(449,940)	
			1,050,060	
Shares in other entities	-	-	100	-
	-	-	1,050,160	1,500,000

Available-for-sale financial assets comprise investments in ordinary issued shares of controlled entities. There are no fixed returns or fixed maturity dates attached to these investments.

12. OTHER NON-CURRENT ASSETS

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Exploration Licences	1,049,960	1,499,799	-	-
Exploration expenditure capitalised				
- Exploration and evaluation phase	1,124,307	1,732,729	-	-
	2,174,267	3,232,528	-	-

Exploration Licences are carried at cost of acquisition less impairment losses. A review of the exploration licences had occurred in the 2010 year and an impairment charge of \$449,940 was been expensed to the Comprehensive Income Statement.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of uranium ore.

Capitalised costs amounting to \$131,153 (2009:\$577,839) have been included in cash flows from investing activities in the cash flow statement. Adavale Resources Limited relinquished all its holdings in Springvale, Queensland and had written off \$622,125 in exploration costs in the 2010 year. Mt Flint in South Australia had also been relinquished and \$117,449 of costs has been written off in the 2010 year.

13. PAYABLES

	Consolidated		Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Trade creditors	87,527	42,917	57,140	16,775
Other creditors and accruals	179,463	83,094	111,549	75,269
	266,990	126,011	168,689	92,044

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14. CONTRIBUTED EQUITY

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Issued and Paid-up Share Capital				
Ordinary shares, fully paid				
183,593,979 (2008: 183,593,979)	34,771,995	34,771,995	34,771,995	34,771,995
	<u>34,771,995</u>	<u>34,771,995</u>	<u>34,771,995</u>	<u>34,771,995</u>
Number	No	No	No	No
Ordinary Shares				
Balance at the beginning of the year	183,593,979	183,593,979	183,593,979	183,593,979
Movement during the year	-	-	-	-
Balance at the end of the year	<u>183,593,979</u>	<u>183,593,979</u>	<u>183,593,979</u>	<u>183,593,979</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of a winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	No	No	No	No
Converting Performance Shares				
Number				
Balance at the beginning of the year	-	11,666,667	-	11,666,667
Capital consolidation	-	-	-	-
Expired	-	(11,666,667)	-	(11,666,667)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Converting performance shares had lapsed in 2009.

The Converting Performance shares have been shown at nil value in the contributed equity.

15. RESERVES

The option reserve records items recognised as expenses incurred in raising capital.

16. DIVIDENDS

The Directors do not recommend a dividend for the year ended 30 June 2010. No dividend was paid for the year ended 30 June 2010.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL INSTRUMENTS DISCLOSURE

Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks and provides principles for overall risk management.

(a) Interest Rate Risk

The consolidated entity is exposed to interest rate fluctuations.

Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Weighted Average Interest rate	Floating Interest rate	Fixed interest maturing in:			Non- Interest Bearing	Total
			\$	1 year or less	1 to 5 years	more than 5 years	\$	\$
2010								
Financial assets								
Cash assets	8	2.55%	563,719	1,992,561	-	-	-	2,556,280
Receivables	9		-	-	-	-	29,894	29,894
Other current assets			-	-	-	-	8,832	8,832
Non-current receivables			-	-	-	-	1,406,531	1,406,531
			<u>563,719</u>	<u>1,992,561</u>	<u>-</u>	<u>-</u>	<u>1,445,257</u>	<u>4,001,537</u>
Financial liabilities								
Payables	13		-	-	-	-	266,990	266,990
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,990</u>	<u>266,990</u>
2009								
Financial assets								
Cash assets	8	3.70%	33,081	4,788,060	-	-	-	4,821,141
Receivables	9		-	-	-	-	22,152	22,152
Other current assets			-	-	-	-	16,015	16,015
			<u>33,081</u>	<u>4,788,060</u>	<u>-</u>	<u>-</u>	<u>38,167</u>	<u>4,859,308</u>
Financial liabilities								
Payables	13		-	-	-	-	126,011	126,011
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,011</u>	<u>126,011</u>

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ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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17. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Financial Risk Management (continued)

Interest Rate Sensitivity Analysis

A sensitivity analysis was performed relating to the exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which should result from a change in these risks.

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Economic Entity	Economic Entity	Parent	Parent
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	\$	\$	\$	\$
Change in profit				
- Increase in interest rate by 5%	3,279	8,684	3,215	8,869
- Decrease in interest rate by 5%	(3,279)	(8,684)	(3,215)	(8,869)
Change in equity				
- Increase in interest rate by 5%	3,279	8,684	3,215	8,869
- Decrease in interest rate by 5%	(3,279)	(8,684)	(3,215)	(8,869)

(b) Net Fair Values of Financial Assets and Liabilities

Valuation Approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, accounts payable, bank loans and lease liabilities approximate net fair value.

The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The balances of financial assets and liabilities approximate their net fair value.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

17. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

(c) Unrecognised Financial Instruments

The Company and controlled entities do not have any unrecognised financial instruments.

(d) Market Risk

Price Risk

The Company is not exposed to equity securities price risk as it holds no investments in listed securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

(e) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company measures credit risk on a fair value basis. The credit risk on financial assets, excluding investments, of the consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Company has no significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(f) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through credit facilities or other fund raising initiatives, to meet commitments as and when they fall due.

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. Consolidated Economic Entity cash reserves of \$2,556,280 (2009: \$4,821,141) as at 30 June 2010 will ensure liquidity risk is minimised for future financial periods.

(g) Capital Management Risk

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and cash equivalents. Total capital is calculated as equity shown in the balance sheet plus net debt. As the company is in a transitional stage the gearing ratio has been maintained throughout the year at 0%.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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18. COMMITMENTS

	Consolidated	2009	Parent Entity	2009
	2010	\$	2010	\$
	\$	\$	\$	\$
Minimum expenditure commitments on exploration licences				
Committed but not provided for and payable:				
Within one year	245,269	624,180	-	-
One year or later and no later than for five years	-	-	-	-
Later than five years	-	-	-	-
	245,269	624,180	-	-

19. SEGMENT INFORMATION

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 year, being mining and in two geographical areas, being Australia and Indonesia.

The segment reporting is detailed below:

(a) Primary Reporting – Business Segments	Mining and	Mining and	Other	Total
Year ended 30 June 2010	exploration	exploration	\$	\$
	\$	\$	\$	\$
	Australia	Indonesia	Australia	
Revenue				
Sales	-	-	-	-
Interest	145	-	146,846	146,991
Other	-	-	14,542	14,542
Total Segment Revenue	145	-	161,388	161,533
Segment Result				
Profit/(loss) from ordinary activities before income tax	(948,696)	-	(1,125,170)	(2,073,866)
Income tax expense	-	-	-	-
Net Profit/(loss)	(948,696)	-	(1,125,170)	(2,073,866)
Total segment assets	1,788,886	1,391,631	7,413,566	10,594,083
Total segment liabilities	3,129,094	1,391,531	168,689	4,689,314
(b) Primary Reporting – Business Segments	Mining and	Mining and	Other	Total
Year ended 30 June 2009	exploration	exploration	\$	\$
	\$	\$	\$	\$
	Australia	Indonesia	Australia	
Revenue				
Sales	-	-	-	-
Interest	313	-	310,420	310,733
Other	-	-	1,500	1,500
Total Segment Revenue	313	-	311,920	312,233
Segment Result				
Profit/(loss) from ordinary activities before income tax	(247,409)	-	(308,114)	(555,523)
Income tax expense	-	-	-	-
Net Profit/(loss)	(247,409)	-	(308,114)	(555,523)
Total segment assets	1,773,190	-	8,462,091	10,235,281
Total segment liabilities	2,155,873	-	92,044	2,247,917

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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19. SEGMENT INFORMATION (CONTINUED)

All segment assets are located in Australia and Indonesia.

c) Segment assets:

Reportable segments' assets reconciled to total assets as follow:

	Consolidated 30 June 2010	Consolidated 30 June 2009
Segment Assets	10,594,083	10,235,281
Intersegment Eliminations	<u>(4,413,793)</u>	<u>(2,122,104)</u>
Total assets as per balance sheet	<u>6,180,290</u>	<u>8,113,177</u>

d) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follow:

	Consolidated 30 June 2010	Consolidated 30 June 2009
Segment liabilities	4,689,315	2,247,917
Intersegment Eliminations	<u>(4,422,325)</u>	<u>(2,121,906)</u>
Total liabilities as per balance sheet	<u>266,990</u>	<u>126,011</u>

20. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Ordinary Shares Consolidated Entity Interest	
	2010 %	2009 %
Company:		
Adavale Resources Limited		
Controlled entities:		
Adavale Minerals Pty Ltd	100	100
Adavale Queensland Pty Ltd	100	100
Adavale Indonesia Pty Ltd	100	-

All controlled entities were incorporated in Australia.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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21. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	Consolidated 2010 \$	2009 \$	Parent Entity 2010 \$	2009 \$
(a) Reconciliation of Cash					
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:					
Cash at bank	8	2,556,280	4,821,141	2,518,311	4,803,034
(b) Reconciliation of the operating loss after tax to the net cash flows from operations					
Profit/(loss) from ordinary activities after income tax		(2,073,866)	(555,523)	(1,125,170)	(323,644)
Add/(less) non cash items:					
- Depreciation of non-current assets		1,855	2,780	-	-
- Accrued interest		10,460	25,770	10,460	25,770
- Impairment losses		1,189,514		449,940	
- Loss/(Gain) on disposal of subsidiary		-	(15,530)	-	-
- Other		(100)	-	-	-
		(872,137)	(542,503)	(664,770)	(297,874)
Changes in assets and liabilities:					
- (Increase)/decrease in receivables		(11,018)	4,040	(18,202)	-
- Increase/(decrease) in trade creditors and accruals		140,978	(56,677)	76,645	26,229
- Increase/(decrease) in provisions		-	-	-	-
Net cash provided by/(used in) operating activities		(742,177)	(595,140)	(606,327)	(271,645)

22. SHARE BASED PAYMENTS

No share based payments were made during the year ended 30 June 2010.

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23. RELATED PARTIES

Directors' and Key Management Personnel

The directors of Adavale Resources Limited are considered the key management personnel of the consolidated economic entity.

The directors' remuneration and equity holdings have been disclosed in the directors report attached to the financial statements.

Apart from the details disclosed in this note and elsewhere in the financial report, no director or other related party has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Directors' transactions with the Company or its controlled entities

	Consolidated	2009	Parent Entity	2009
	2010	\$	2010	\$
	\$	\$	\$	\$
Fees paid to Arthur Phillip Pty Limited, a company controlled by Mr Richard Poole for provision of company secretarial, administration, management and advisory services during the year	252,000	174,500	252,000	174,500
Fees paid to Steinepreis Paganin, a firm of which Mr Roger Steinepreis is a partner, for the provision of legal services during the year	14,888	6,560	14,888	6,560
Fees paid to Entertainment Marketing Enterprise Pty Ltd, a company controlled by Mr Philip Suriano for provision of management and advisory services during the year	120,000	-	120,000	-
Fees paid to Larca Pty Ltd, a company controlled by Mr John Risinger for provision of management and advisory services during the year	40,000	-	40,000	-
Fees paid to Drill Logic Pty Limited, a company controlled by Mr Mark Stevenson and Mr John Risinger for the provision of exploration services during the year	17,380	322,200	-	-

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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23. RELATED PARTIES (CONTINUED)

The terms and conditions of the transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director-related entities on an arm's length basis.

Directors' balances with the Company or its controlled entities

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Arthur Phillip Pty Limited	-	10,175	-	10,175
Steinepreis Paganin	4,000	2,200	4,000	2,200
Larca Consulting Pty Limited	2,049	4,400	-	4,400
Entertainment Marketing Enterprise Pty Ltd	55,000	-	55,000	-
Seiki Takahashi	79,875	55,875	79,875	55,875

Transactions with related parties in wholly owned group

	Consolidated		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Interest free loan advanced to Adavale Minerals Pty Ltd				
Opening balance 1 July	-	-	2,121,905	1,210,946
Advances during the year	-	-	286,764	910,959
Closing balance 30 June	-	-	2,408,669	2,121,905

Transactions with associated company

For the purpose of administering a number of associated companies, an administration company Norfolk Management Pty Ltd was formed, with Adavale Resources Limited holding one share being 50% of the issued capital. The company operates solely as an administrative function and recharges as an administrative fee for the share of administrative expenses incurred on behalf of Adavale Resources Limited. During the year \$99,468 (2009 - \$90,437) was paid to Norfolk Management Pty Ltd as administrative fees. The company made neither profits nor losses for the year ended 30 June 2010, hence there is no proportional share of results brought to account to the company or Group financial statements.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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24. DISPOSAL OF SUBSIDIARY

(a) Description

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

(b) Financial performance and cash flow information

	Discontinued operations year ended 30 June 2010 \$	Discontinued operations year ended 30 June 2009 \$
Revenue from sales or services		
Subscription revenue	-	-
Interest revenue	-	-
Other revenue from ordinary activities	-	-
	<hr/>	<hr/>
Employee expenses		
Telecommunications & hosting expenses	-	-
Interest paid	-	-
Premises expenses	-	-
Legal expenses	-	-
Marketing	-	-
Office supplies	-	-
Other expenses from ordinary activities	-	-
Profit / (Loss) from before income tax expense	<hr/>	<hr/>
	-	-
Income tax expense	-	-
	<hr/>	<hr/>
Profit / (Net Loss) from discontinued operations after related income tax	<hr/>	<hr/>
	-	-
Net cash flows from ordinary activities	-	-
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash generated by disposed operations	<hr/>	<hr/>
	-	-

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

24. DISPOSAL OF SUBSIDIARY (CONTINUED)

(c) **Carrying amounts of assets and liabilities**

	Discontinued operations year ended 30 June 2010 \$	Discontinued operations year ended 30 June 2009 \$
The carrying amount of assets and liabilities sold:		
Cash	-	15,625
Current receivables	-	6,518
Property, plant and equipment	-	5,099
Current payables	-	(31,242)
Provisions	-	(11,530)
Net assets	<u>-</u>	<u>(15,530)</u>

(d) **Details of the sale of the discontinued operation**

	Discontinued operations year ended 30 June 2009 \$
Consideration	-
Carrying amount of assets sold	<u>(15,530)</u>
Loss/(Gain) on sale before tax	(15,530)
Income tax expense	<u>-</u>
Loss/(Gain) on sale after tax	<u>(15,530)</u>

26. EVENTS SUBSEQUENT TO REPORTING DATE

Adavale Resources Limited is in the process of reviewing the acquisition of United Energy and Resources Ltd (UER) and its subsidiary, PT United Mining and Engineering Services (PT UMES) due to the existing Indonesian project (Tapan) being acquired in the Company's own right.

No matters or circumstances have arisen since the end of the financial 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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