

15 December 2021

Highly Prospective Nickel Sulphide Tenure Expanded Via Staged Farm-In Agreement

Highlights:

- **Farm in Agreement secures 2 historically under explored and prospective licences totalling 98.89km^2 adjacent to Adavale's Kabanga NE licence**
- **Ground holding surrounds historical drillhole [1]LUH06 which intersected a mineralised layered mafic-ultramafic intrusion that returned 1.1% Ni over 8.4m in massive sulphides**
- **A gravity survey recently completed by Adavale indicates potential for this intrusion to extend over 4km into Farm in licence areas**
- **Stage 1 of the Agreement grants Adavale immediate and exclusive right to explore and evaluate the licences for 12 months**
- **Stage 1 payment is US$12.5k cash and US$25k of Adavale shares per licence**
- **Adavale has the option to acquire up to 100% of both licences over 4 staged payments**

Adavale Resources Limited (ASX: ADD) ("**Adavale**" or "**the Company**") is pleased to announce it has executed a binding farm-in agreement for 2 licences PL11692/2021 and PL11693/2021 with significant nickel sulphide exploration potential. The licences are contiguous to Adavale's Kabanga NE licence and total 98.89km^2 and brings Adavale's total exploration area to 1,243.32km^2.

Adavale's Chairman Grant Pierce commented, "Securing the right to explore these licences is a major win as Adavale places great value on their prospectivity. Significantly PL11692/2021 surrounds a 3.74 km^2 area containing a 8.4m massive sulphide intersection grading 1.1%, proving mineralization is in the area. We are extremely excited about getting boots on the ground and applying modern technologies to better understand the geometry of the intrusion, potential extensions and define drill targets. Initial ground truthing work will commence as soon as practicable without distracting from exploration well underway on Adavale's 100% owned licences."

[1] Evans, D. M., Hunt, J. P. P. M. and Simmonds, J. R., 2016. An overview of nickel mineralization in Africa with emphasis on the Mesoproterozoic East African Nickel belt (EANB). Episodes, 39/2, 319-333. DOI: 10.18814/epiiugs/2016/v39i2/95780

ADAVALE RESOURCES

ASX: ADD

DIRECTORS AND OFFICERS

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CHAIRMAN

ALLAN RITCHIE
CHIEF EXECUTIVE OFFICER

DAVID RIEKIE
DIRECTOR

JOHN HICKS
DIRECTOR

LEONARD MATH
CFO & COMPANY SECRETARY

ISSUED CAPITAL
Shares: 351 million
Unlisted options: 17.5 million

ABOUT ADAVALE
Adavale Resources is an ASX-listed exploration company targeting projects in the 'battery materials' space. The company is currently focussed on its 100% owned Kabanga Jirani Nickel Project and a Farm-in Project adjacent and along strike from the world's largest undeveloped high grade NiS resource of 58Mt @ 2.62% Ni. Adavale is also progressing exploration on its 100% owned uranium tenements in South Australia

MORE INFORMATION
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Geological Prospectivity

The tenements encompass the under-explored Luhuma layered mafic-ultramafic intrusion **(LMUI**) located within the Karagwe-Ankole Belt and adjacent to the Company's existing Kabanga NE prospecting licence.

Little if any modern exploration has been conducted at Luhuma since the late 1990's when BHP Minerals abruptly terminated their activities in Tanzania due to the conflict in neighbouring Burundi.

Work completed to date suggests the LMUI is potentially a significant layered intrusion up to 4km long (based on gravity and airborne EM, see image below).

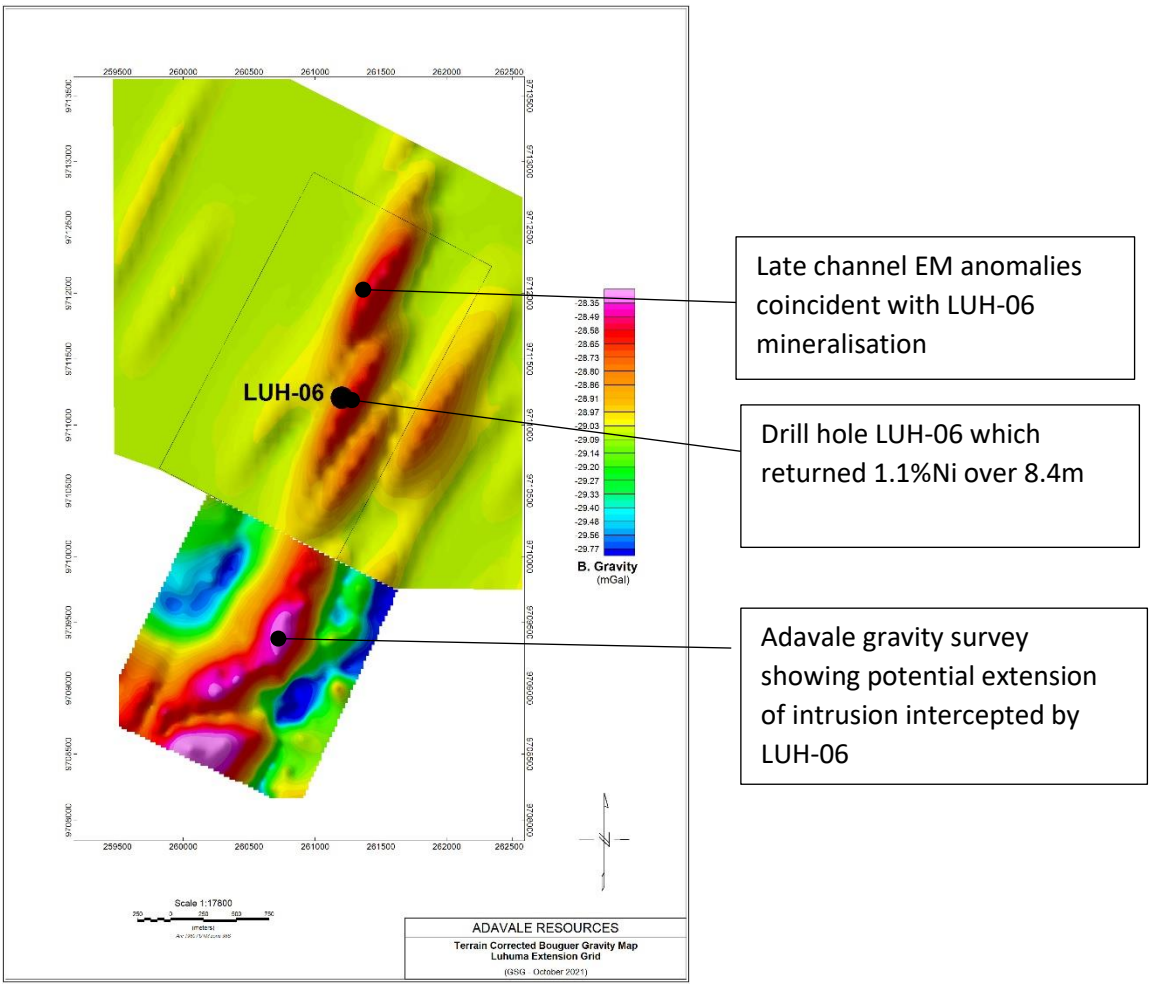


Figure 1: Late channel EM (BHP data) merged with Adavale gravity show the potential extension of the Luhuma intrusion from LUH-06 to the south.

Historical exploration at Luhuma was largely limited to a reconnaissance stream sediment sampling program by the United Nations Development Program (UNDP) between 1974 and 1979 and regional airborne GEOTEM, stream sediment, soils and rock chip sampling surveys completed by BHP Minerals (BHP) during the 1990's.

BHP did drill several holes at Luhuma including LUH06 which returned a massive sulphide intersection of 8.4m grading 1.1% Ni. Hole LUH06 is within a 3.74 km^2 area known as PL 6173/2009 and currently held by the Tanzanian Government which is surrounded by the PL 11692/2021 licence that Adavale can farm into under the new Agreement.

The LUH06 intersection at Luhuma provides strong evidence that the LMUI is a mineralized system requiring further, more modern exploration including gravity surveys which are now available to unlock its potential. Adavale is not aware of any data to suggest the intersection in LUH06 was ever followed-up in any significant way and looks forward to the challenge of exploring this exciting opportunity.

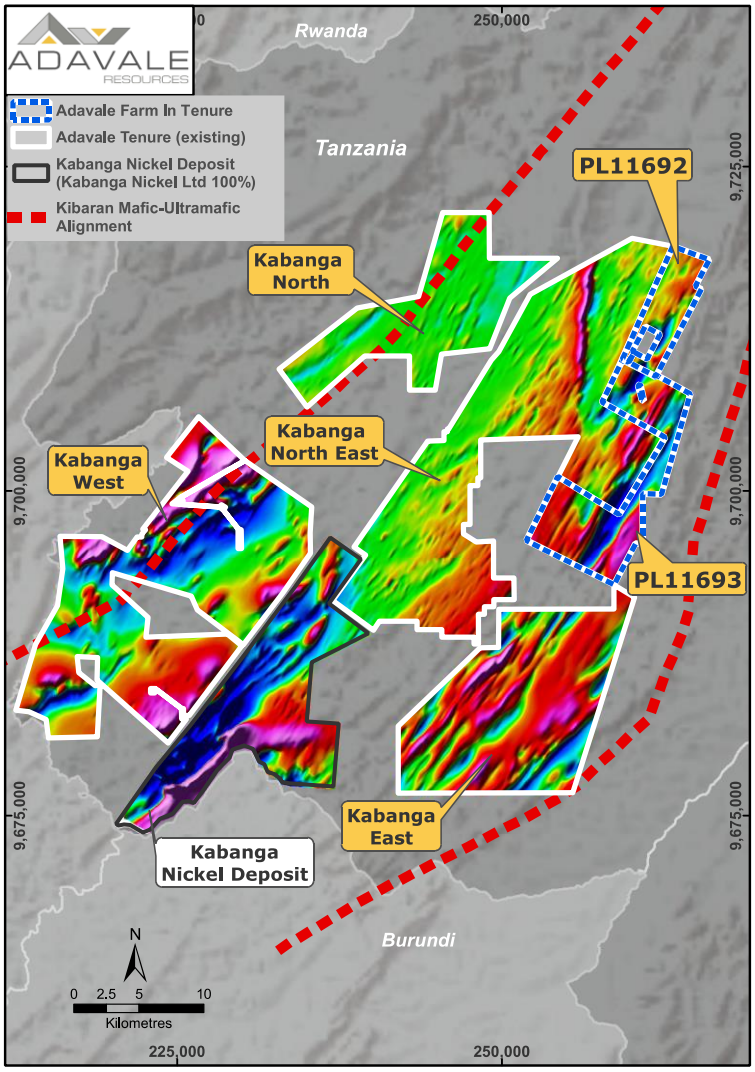


Figure 2 – Map of Adavale's existing 4 southern licences and the 2 contiguous Farm-in licences proximal to Kabanga Nickel Deposit

Farm-In Commercial Arrangements

The agreement is structured as an option, but is in the nature of a farm-in and has 4 stages as per below, payable per licence:

Stage 1: Adavale has the immediate and exclusive right to explore and evaluate the licences for 12 months upon payment of US$12.5k cash - and US$25k worth of Adavale shares. During the first 12 months Adavale must spend at least the minimum exploration expenditure as required by the Mining Commission which is US$500 per annum per square kilometre across the 98.89km^2.

Stage 2: If Adavale is satisfied with the exploration results and prospectivity of the licences then on or before the 1st year anniversary Adavale has the right to earn-in 65% ownership of the licences upon paying the vendor US$25k cash and $75k worth of Adavale shares. Adavale must continue to spend at least the minimum annual exploration expenditure of US$500 per square kilometre.

Stage 3: If Adavale continues to be satisfied with the exploration results and prospectivity of the licences then on or before the 2nd year anniversary Adavale has the right to earn-in 80% ownership of the licences upon paying the vendor US$50k cash and US$112.5k worth of Adavale shares. Adavale must continue to spend at least the minimum annual exploration expenditure of $500 per square kilometre.

Stage 4: If Adavale continues to be satisfied with the exploration results and prospectivity of the licences and has earned in and acquired a total 80% ownership, then Adavale has the right of first refusal to match any independent bona fide arm's length third party offer to buy out the remaining 20% participating interest in the licences held by the licence holder on or before the 3rd year anniversary from the Effective Date (being the 3rd business day after the conditions precedent have been satisfied). If the licence holder wishes to sell the 20% participating interest in the licence during this period, he must also give notice to Adavale and set out the terms on which he proposes to sell and the parties shall use best endeavours to negotiate agreeable terms.

On estimation of an economic Ore Reserve pursuant to the JORC Code within the Prospecting Licences, Adavale shall use its best endeavors to convert the Prospecting Licences to Mining Licenses. Should an operational mine come into production from such Mining Licenses, the Vendor shall receive a Net Smelter Return of 1.5% from the sale of minerals produced at the mine paid on a monthly basis

The issue of the Adavale shares as part of the consideration is calculated based on the VWAP for 5 days preceding the issue of the Adavale shares and converted from US$ to A$. The cash payments to be made are proposed to be paid out of the Company's existing cash reserves.

The agreement is entered into with the licence holder, Ally Mbarak Nahdi, and is subject to certain conditions precedent. These conditions include the licence holder paying any outstanding licence payments, duties, fees or taxes owing in respect of the licences, Adavale reimbursing the licence holder fees incurred for grant of the licences of US$10,889.00, Adavale being satisfied with its due diligence investigations and the licence holder assigning all of his rights, interests and benefits under the licences to Adavale to secure the rights granted to Adavale under the agreement (this is subject to the approval of the Mining Commission).

The conditions must be satisfied on or before 28 February 2022, or such other date as agreed otherwise Adavale may issue a notice of intention to rescind and the agreement shall terminate.

This announcement has been authorised for release by The Board of Adavale Resources Limited.

For further information please contact investor@adavaleresources.com or visit www.adavaleresources.com

References

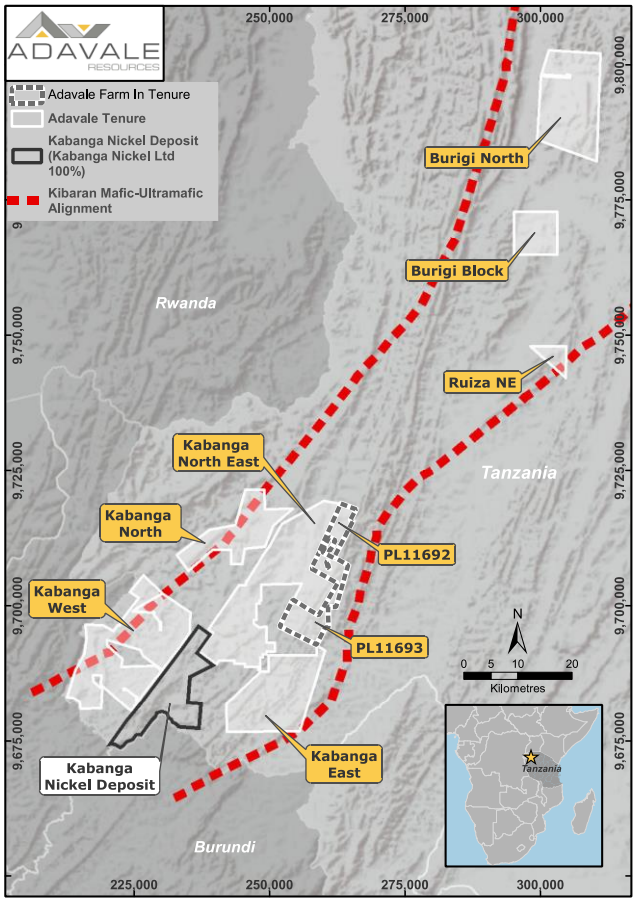
[1] **Evans, D. M., Hunt, J. P. P. M. and Simmonds, J. R., 2016. An overview of nickel mineralization in Africa with emphasis on the Mesoproterozoic East African Nickel belt (EANB). Episodes, 39/2, 319-333. DOI: 10.18814/epiiugs/2016/v39i2/95780.**

About Adavale

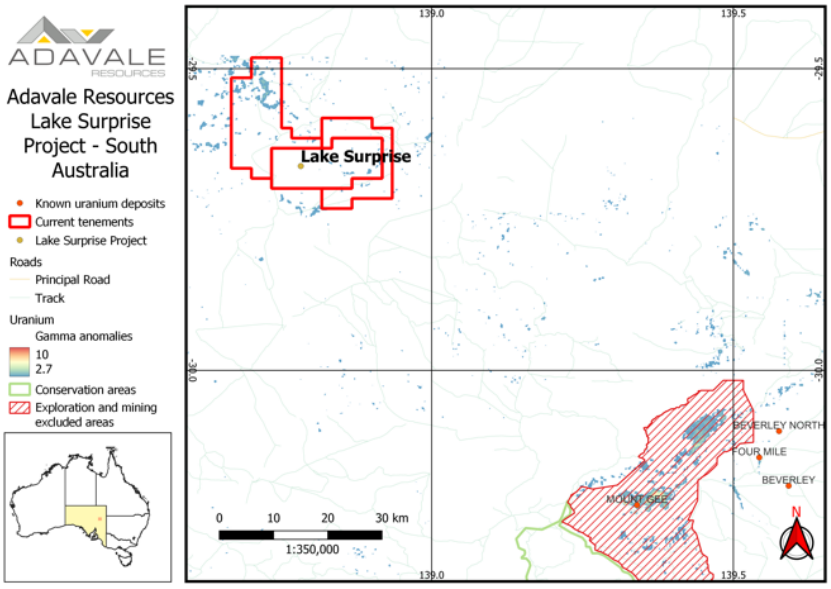
Adavale Resources Limited (ASX:ADD) is a nickel sulphide exploration company that holds 100% of the Kabanga Jirani Nickel Project a portfolio of 7 highly prospective granted licences, covering ~ 1,145km^2 surrounding and proximal to the world class Kabanga Nickel Deposit (58Mt @ 2.62% Ni) and located along the Karagwe-Ankolean belt in Tanzania.

Adavale has entered into a farmed-in agreement for 2 more highly prospective licences contiguous to our 4 southern most licences, adding a further ~99km^2 to the portfolio.

Adavale's licences were selected based on their strong geochemical and geophysical signatures from previous exploration undertaken by BHP Billiton.



Adavale also holds three exploration licences within part of the highly prospective sedimentary uranium province within the northern part of the Lake Frome Embayment.



Competent Persons Statement

The information in this release that relates to "exploration results" for the Project is based on information compiled or reviewed by Mr David Dodd of MSA, South Africa. Mr Dodd is a consultant for Adavale Resources Limited and is a member of the SACNASP. Mr Dodd has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration as well as to the activity that is being undertaking to qualify as a Competent Person under the ASX Listing Rules. Mr Dodd consents to this release in the form and context in which it appears.