Drilling Underway to Uncover a Tier-1 Nickel Sulphide Discovery in the East African Nickel Belt

Paydirt Nickel Conference

5 & 6 October 2022 | ASX: ADD

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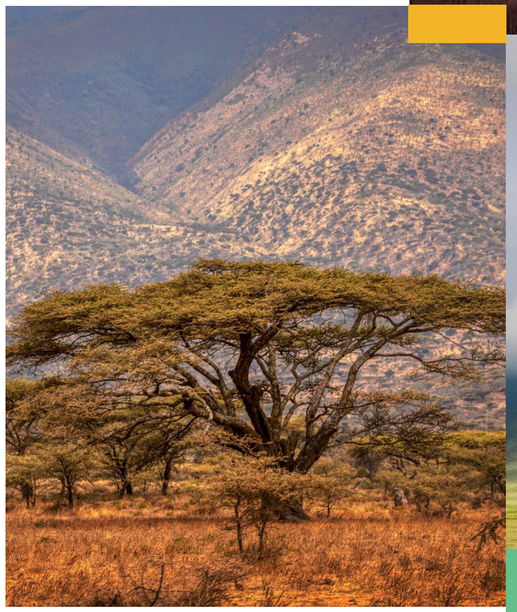


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Competent Person Statement

The information in this release that relates to "exploration results" for the **Nickel** 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.

The information in this release that relates to "exploration results" for the **Uranium** Project is based on information compiled or reviewed by **Mr Patrick Harvey** MAppSci, Australia. Mr Harvey is a consultant for Adavale Resources Limited and is a member of the AIG. Mr Harvey 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 Harvey consents to this release in the form and context in which it appears.

Why invest in Adavale?

Exposure to critical minerals - Nickel and Uranium
- Electrification and Decarbonisation

A dominant Nickel exploration portfolio in the East African Nickel Belt ("EANB")
- Poised to become an epicentre for nickel discovery and production in Tanzania

Success through dedicated methodology and a considered exploration program
- 32 new and untested large-scale Ni sulphide targets identified

Drilling program now underway
- RC/DD initially testing 7 priority Heli-EM targets areas
- Drill targets based on coincident ground-based gravity and Heli EM anomalies

A team with deep African experience and a track record of major discoveries in Nickel

Fully funded to execute imminent drill programs and ongoing exploration
- Recent placement and rights issue completed to raise ~$3M

Board & Capital Structure

Grant Pierce
Non-Executive Chairman
Mining engineer with ED, NED, GM experience
Strong and long-standing affinity with Tanzania

David Riekie
Executive Director
Corporate experience, ASX roles (NED, MD, ED, CEO) including Nickel, Uranium/Energy, African experience

John Hicks
Non-Executive Director
Accomplished Nickel Sulphide Geologist/Explorer, 15yrs of GM level Geo/Explorer for ASX listed

Allan Ritchie
Chief Executive Officer
Experienced ASX/HKEx Energy and Resources CEO/ED/MD, 30+yr Investment Banking career

Leonard Math
Chief Financial Officer/ Company Secretary
Experienced Resources sector executive, ASX listed ED, CFO, Coy Sec

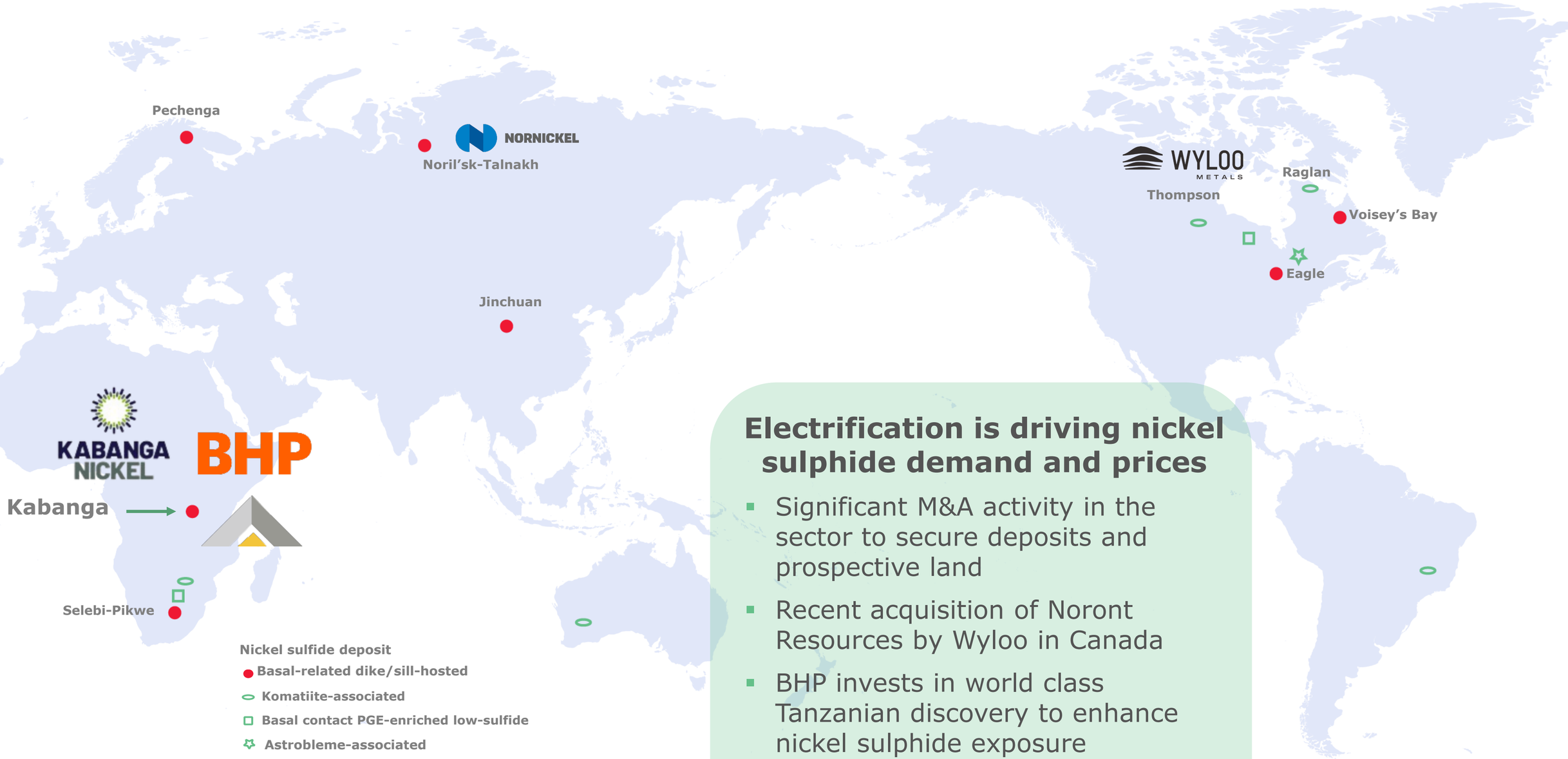
ADD	$15.7m*	~3.1cps	~$3.6m*
ASX Code	Market Cap	Share Price	Cash & Liquids

~5%	17m	81.4m*	Nil
Board & Management Ownership	Performance Rights	Options Avg. Ex-Price 5.1cps, Exp: 21 Dec 22 to 30 Jan 25	Debt

Current Shares on Issue Proforma (Placement + Right Issue)*notes	***m***	**~508**
Pro-forma Cash & Liquids (30 June 2022)	***$m***	**3.6**
Market Cap (at 3.1 cps @ 4 October 2022)	***$m***	**15.7**
Enterprise Value (implied)	***$m***	**12.1**

*** Notes:**
- Refer to Placement and Entitlement Offer details in announcement "Adavale raising up to $3M to accelerate nickel exploration" dated 27 July 2022; proforma Mkt Cap
- Options include 1:3 attaching options from Placement & Rights Entitlements Issue
- Cash & liquids includes $400k (as at 30 June 2022) and $175k cash draw facility with LKC Technology Pty Ltd (LKC)
- Board & Management ownership assumes subscription for 5M shares in Tranche 2 of the Placement (subject to shareholder approval) and directors taking take up their eligible entitlements under the Entitlement Offer
- Performance rights 17m (Directors/KMP 9m tranche Ni/U308 JORC resource (exp Dec 2023); 5day VWAP 15cents (Jun 23)

Nickel Sulphide Deposits – Rare and In Demand



Electrification is driving nickel sulphide demand and prices

- Significant M&A activity in the sector to secure deposits and prospective land
- Recent acquisition of Noront Resources by Wyloo in Canada
- BHP invests in world class Tanzanian discovery to enhance nickel sulphide exposure

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Nickel, Tesla, BHP & Country Dynamics – All Lining Up

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THE CITIZEN NEWS MAGAZINES OPED PHOTOS VIDEO SUPPLEMENT JOBS

Government eyes Sh17.2 trillion as nickel project gets the nod

THURSDAY OCTOBER 28 2021



January 20, 2022
1:20 AM GMT+8
Last Updated 3 days ago

European Markets

Supply squeeze pushes nickel up 5% to 11-year high

Reuters

2 minute read

LONDON, Jan 19 (Reuters) - Nickel prices on Wednesday shot to their highest since 2011 as a supply shortage forced traders to pay huge premiums to get their hands on metal.

July 22, 2021
2:24 PM GMT+8
Last Updated 6 months ago

Business

BHP to supply greener Australian nickel to Tesla

Reuters

AUTOS JULY 23, 2020 / 3:33 PM / UPDATED A YEAR AGO

'Please mine more nickel,' Musk urges as Tesla boosts production

By Yilei Sun, Melanie Burton 4 MIN READ

Metals rally heats up as nickel price hits $24,000 on supply snarls

Bloomberg News | January 20, 2022 | 8:09 am Intelligence Markets China Europe Nickel

BHP Buys Into Tanzania Nickel Mine After Failed Canadian Bid

- World's biggest miner to invest $100 million in Kabanga Nickel
- BHP will take a 17.8% stake in the Tanzanian nickel project

By Felix Njini and Thomas Biesheuvel
10 January 2022, 16:29 GMT+8 *Updated on 10 January 2022, 17:53 GMT+8*



December 22, 2021
7:38 PM GMT+8
Last Updated a month ago

Deals

Wyloo to buy nickel miner Noront after BHP drops off from race

Reuters

Tanzania - Country Dynamics And Recent Nickel Focussed Actions

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Tanzania as a destination

- Numerous projects for various minerals are progressing or in the pipeline for government consideration and approval
- Dedicated negotiation teams to progress projects
- Clear government ownership interest (16%) established

BHP has made a significant investment in Kabanga Nickel (equity/technology)

- US$40m stage 1
- US$10m technology
- US$50 stage 2 milestone (scope for future commitments)to secure ~18% interest in Kabanga Nickel

Relevance and context

- BHP responsible for the original regional surveys 1990's (foundation for Kabanga discovery)
- Global relevance of Tanzanian Ni Sulphide deposits as a destination
- Signals changing sentiment - Tanzania as an investment destination
- Benefit to ADD of proximal green processing and mining operation/jurisdiction
- Significant local economic benefit current and ongoing anticipated

AngloGold Ashanti
BHP
Barrick
Magnis Energy Technologies
Strandline Resources Limited
walkabout Resources Ltd
Kabanga Nickel
Peak Resources — Enabling Low Carbon Technologies
Shanta Gold
OreCorp Limited

Kabanga Jirani and Luhuma – Dominant Position in East African Nickel Belt

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Dominant nickel licence portfolio within the East African Nickel Belt of Tanzania

Dedicated methodology and considered exploration program has generated numerous priority Ni target areas

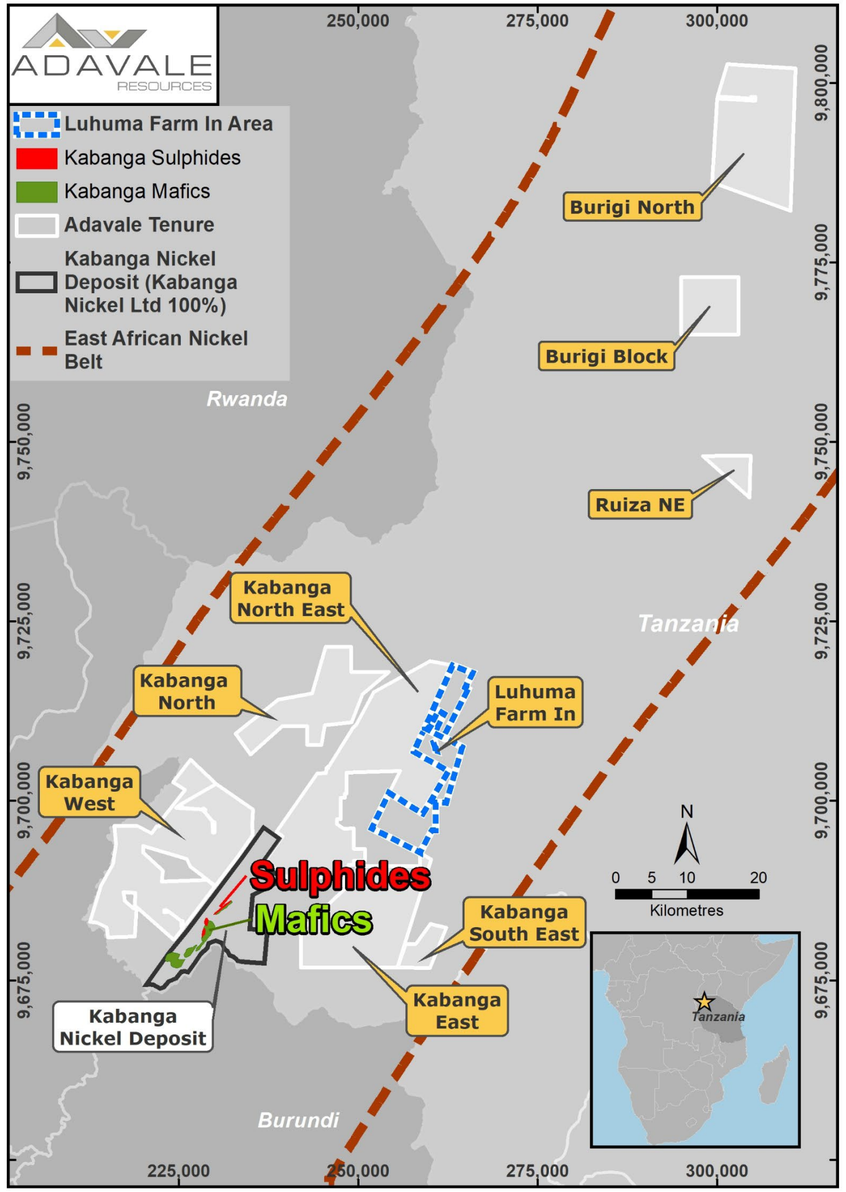
Adavale is poised to uncover a large-scale Ni sulphide discovery with a drilling program now underway

Licenses are adjacent and along strike from the world's largest undeveloped high-grade Kabanga nickel sulphide deposit, 58Mt @ 2.62% Ni

Portfolio Overview

- 100% owned Licences (exception Luhuma Farm –In) **covers 1,267 km2**
- Located along the Kabanga - Musongati mafic-ultramafic alignment within the Meso-Proterozoic Karagwe-Ankole Belt (age ~1350 to 1400Ma)
  - Prospective for Ni, Cu, Co, Cr and PGE's
- Notable setting similarity with:
  - Thomson Nickel Belt, Raglan and Voisey's Bay deposits in Canada
  - IGO's Nova in the Albany-Fraser Belt in Western Australia

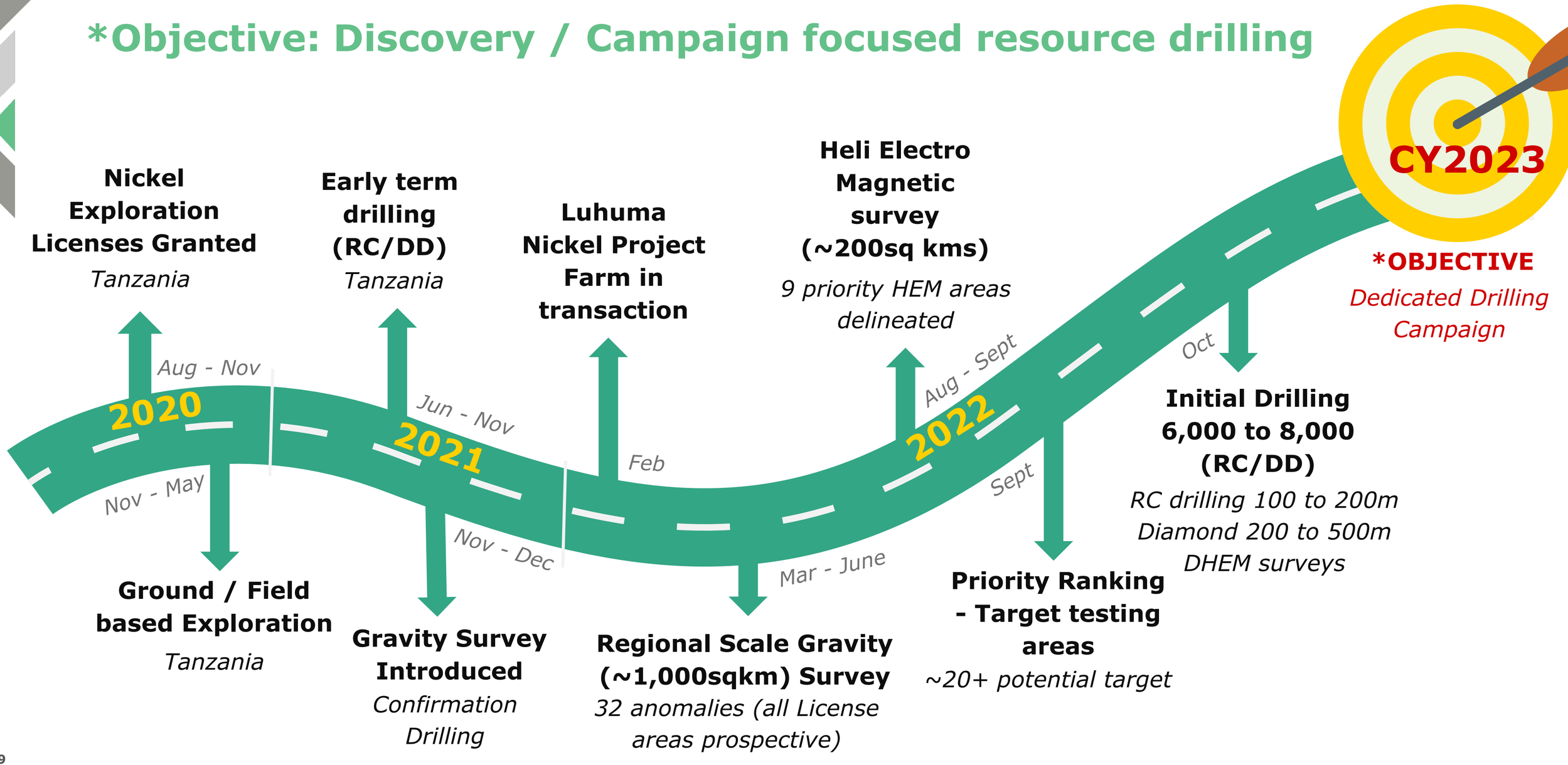
Drilling is now targeting high-priority conductors



Adavale's Kabanga Jirani and Luhuma farm-in Licences

Methodical Approach to Maximize Probability of Drilling Success

*Objective: Discovery / Campaign focused resource drilling



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Overview of CY 2022/23 Nickel Exploration Program

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Ground Based/Field Survey(s) ✓

- Field checking, logistics/Soil sampling (orientation);
- Initial gravity and preliminary drilling





Regional Scale Gravity Survey ✓

- 1,000 sq kms- 32 anomalies identified

Prospect Ranking for EM survey ✓

- Hierarchy to identify priority survey areas (200 sq kms)

Heli Airborne EM (HEM) Survey ✓

- 9 HEM areas outlined



Prospect Ranking - Drilling ✓

- Hierarchy of priority and type of drilling recommended
- Coincident/correlation review - gravity targets + HEM signatures

Campaign Drilling Underway

- Targeted (RC/Diamond) over high priority prospects
- Assay results/pXRF readings

Exploration Methodology – Gravity a Key Exploration Insight

Target 7 Results in Nov 2021 signaled validation of revised exploration methodologies*

Outcomes achieved have enabled the ongoing refinement and reprioritisation of target selection criteria

Gravity data – target definition

Preliminary Drilling to confirmed source of the gravity anomalies (mafic-ultramafic intrusions)

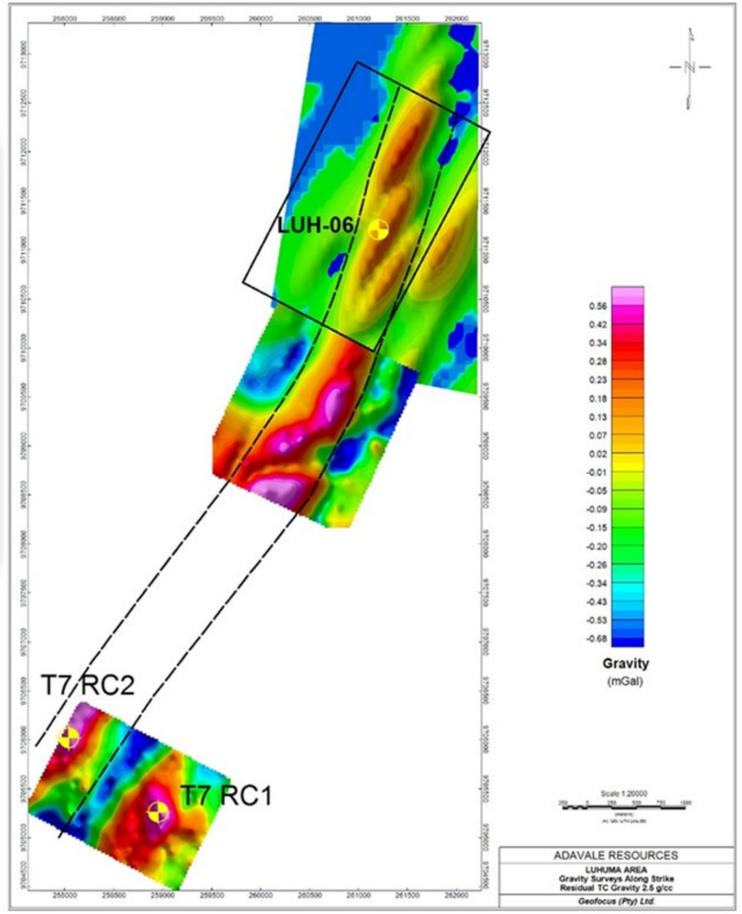
Localised Deep penetrating EM survey coverage validates intrusions

Development and refinements of exploration culminated in **discovery of Target 7 (**Kabanga NE) around known regional potential of Luhuma to prospect target identification

Justification to proceed with **Luhuma farm-in transaction – Feb 22**

Luhuma Nickel Corridor

Encouraging **Target 7** result was the catalyst to secure **Luhuma Farm-in** tenure and consolidate strike extension ground holdings which is known to contain historical massive NiS intersections



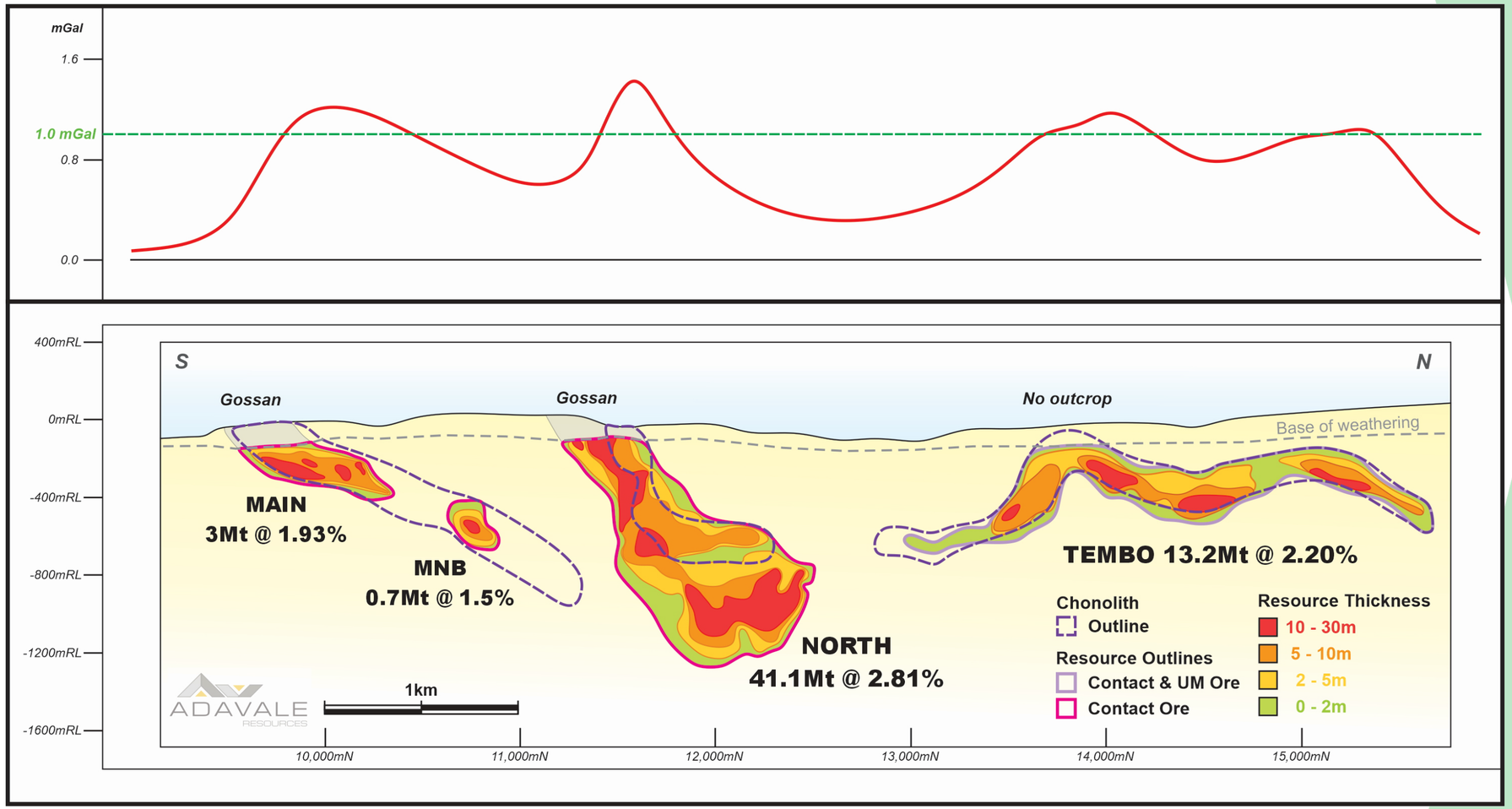
Plan showing relative location between Target 7 and historic Luhuma drill hole LUH-06. Also shown is the possible strong gravity connection between Target 7 and the mineralised Luhuma intrusion

**ADD ASX Release dated 24 January 2022 titled "Exploration update – Nickel"*

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Pathfinder Gravity Signatures – Modelled on Neighbouring Resource*

Priority gravity ranking for anomalies + 0.75mGal Bouguer



Modelling & Outcomes

- Modeling has been undertaken by ADD based on the underlying deposits and Resources at Kabanga* to generate a range of corresponding (mGal) gravity signatures
- These indicative gravity signatures show mGal amplitudes of between ~ 0.6 to 1.4mGal around the large scale mafic/ultramafic intrusions
- ADD originally applied an exploration target threshold of +0.75mGal for the current gravity program to identify larger scale mafic/ultramafic intrusions
- ADD has already identified 16 discrete priority targets with gravity signatures+1mGal (increased density)

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**ADD ASX Release dated 7 July 2022 titled 32 Nickel Targets Identified in the East African Nickel Belt*
**Source: Evans, D. M., Hunt, J. P. P. M. and Simmonds, J. R., 2016. An overview of nickel mineralisation in Africa with emphasis on the Mesoproterozoic East African Nickel belt (EANB). Episodes, 39/2, 319-333. DOI: 10.18814/epiiugs/2016/v39i2/95780*

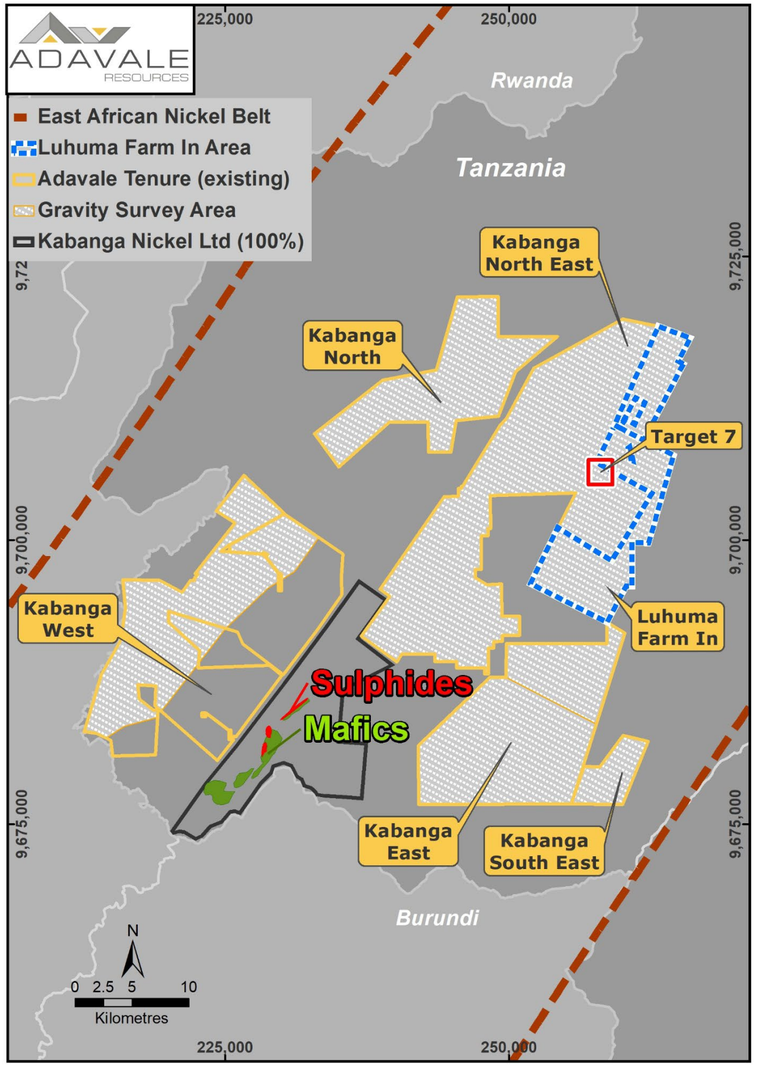
Gravity Surveys Identified 32 New Nickel Targets

Gravity providing a foundation for exploration success*

- **24,000 gravity readings over ~1,000 sq km** generated a total of **32 newly discovered and unexplored gravity targets**
- The **number and order of magnitude** of the gravity targets generated has **confirmed the prospectivity and large-scale nickel exploration potential** of Adavale's licences within the globally significant **East African Nickel Belt**
- Newly discovered **priority targets cover ~55 km strike length** that has become the focus of Adavale's exploration program and **Heli-borne Electro Magnetic (HEM) survey**
- HEM survey has **initially focused on 18 higher mGal amplitude anomalies** of the 32 identified gravity targets







: **Regional gravity survey areas showing location of identified targets**

**ADD ASX Release dated 7 July 2022 titled 32 Nickel Targets Identified in the East African Nickel Belt*

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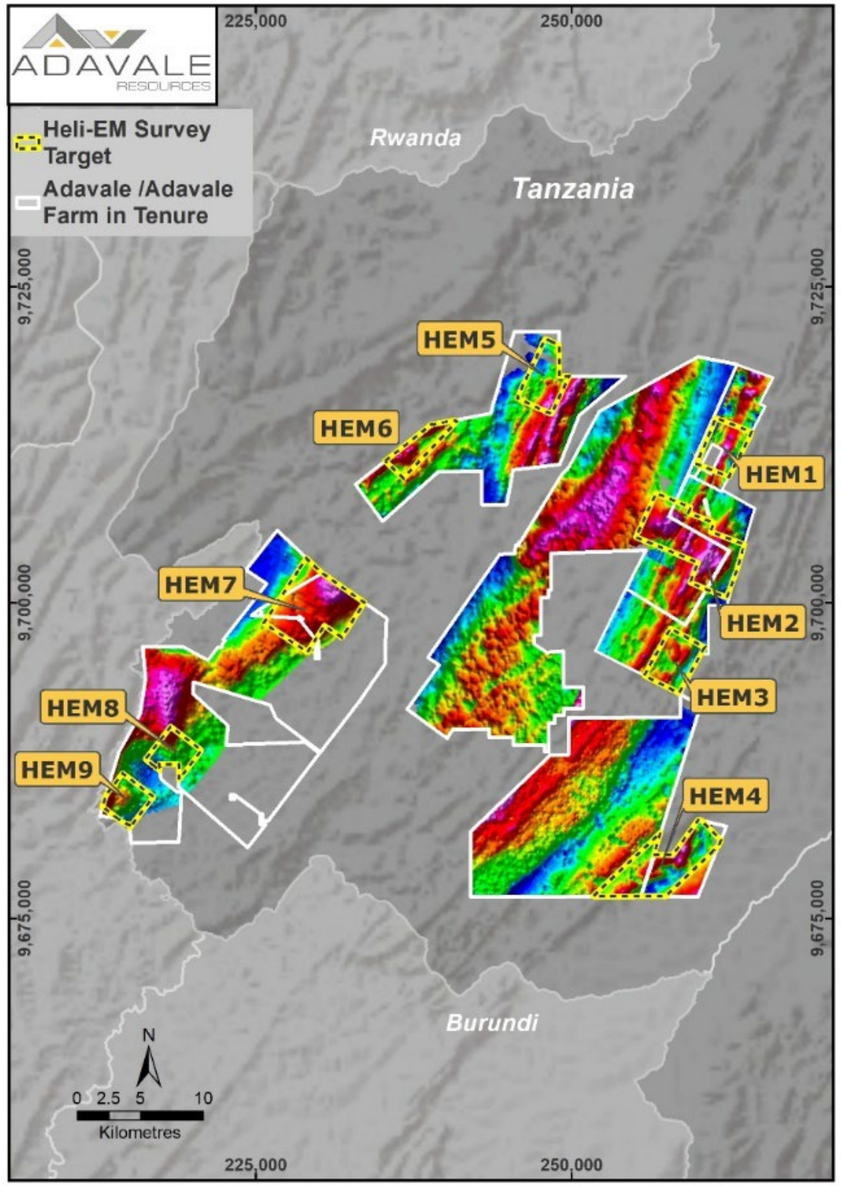
Heli Electro Magnetic Surveys – 9 HEM Target Areas

- Multiple priority gravity targets identified for the initial **Heli-borne Electro Magnetic (HEM) survey**
- **9 HEM target areas were flown using deep penetrating (~500m) high powered** time domain EM (TDEM) and magnetic survey equipment*
- Objective being **to identify** coincident areas of both strong EM and gravity targets~ conductors
- Survey completed with ~2,100-line kms (210 sq kms) during August/September 2022





Images: Gravity survey loop and helicopter in operation. Airport logistics hub, Ngara Tanzania August 2022



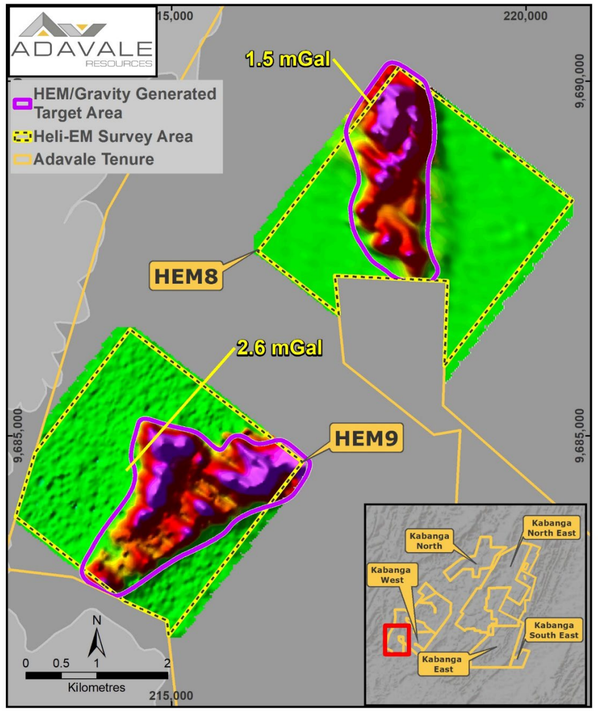
Plan view of the nine HEM target areas flown

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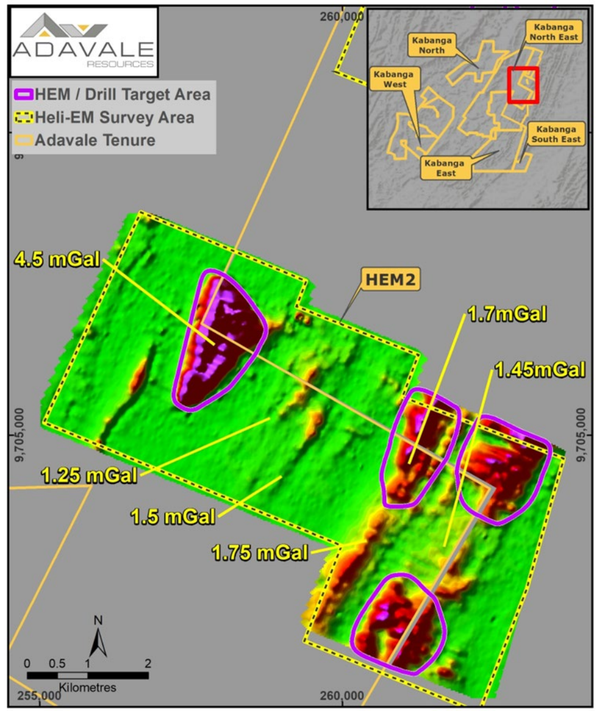
**ADD ASX Release dated 7 July 2022 titled "Outstanding Success with Multiple Previously Unknown Nickel Targets Discovered at Kabanga NE"*

Prioritisation of HEM/Gravity Target Areas for Drilling

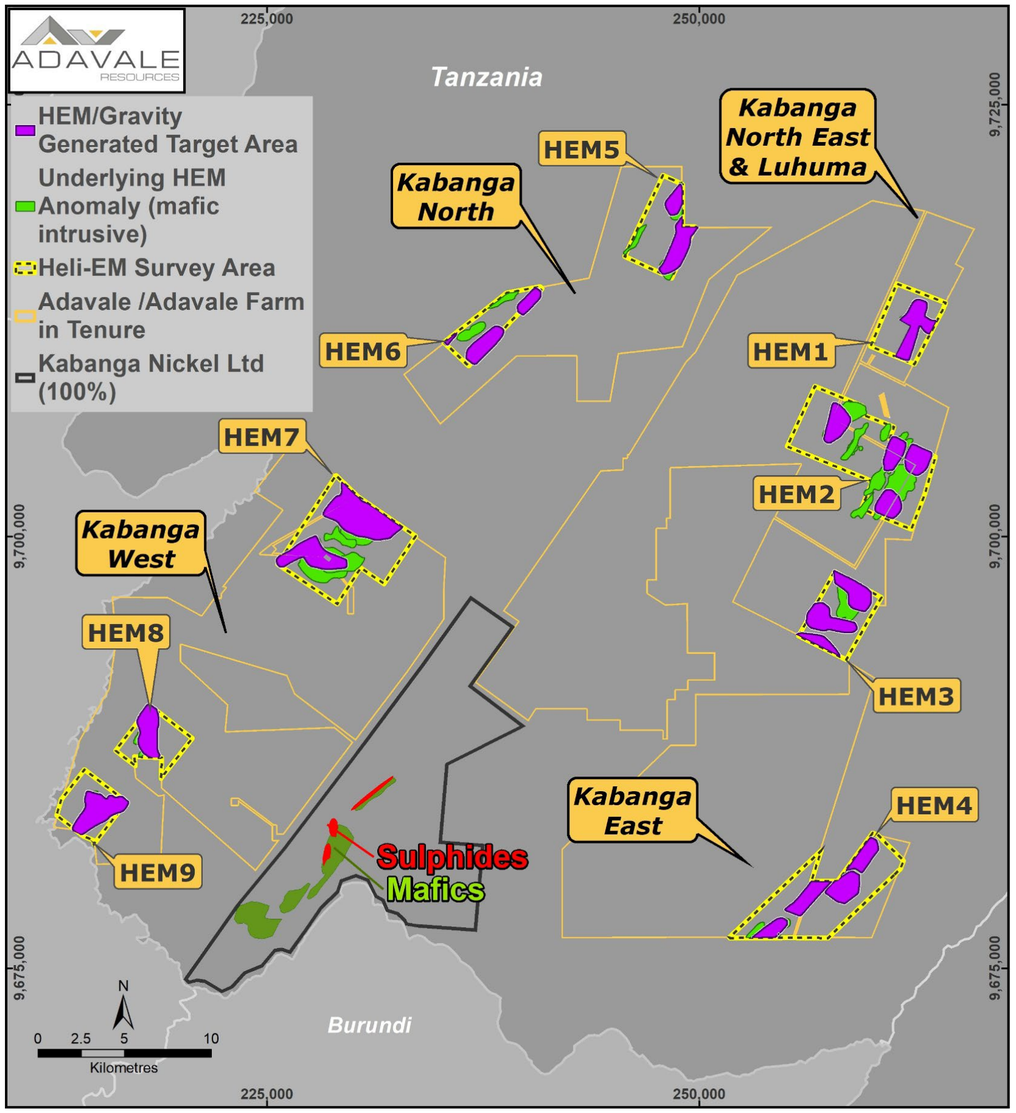
- Initial processing of HEM and gravity data has been distilled down from 32 gravity targets to 20 gravity and EM target priority areas over all Adavale southern Licence holdings and farm-in areas
- Target areas selection has been based on coincident Heli-borne Electro Magnetic (HEM), gravity anomalies and localised previous exploration
- EM conductors identified will be tested with Reverse Circulation and Diamond **Drilling campaigns now underway***



HEM 8 & 9 survey area showing target area polygons reflecting areas of strong coincident gravity and EM anomalies overlain on mid-time (channel 20) HEM background



HEM 2 survey area showing target area polygons reflecting areas of strong coincident gravity and EM anomalies overlain on mid-time (channel 20) HEM background



"HEM survey area plan showing broad internal target areas based on gravity and EM signatures, together with the location of the Kabanga nickel sulphide deposits and associated mafic intrusions"

*ADD ASX Release dated 27 September 2022 titled ""Drill Rig Mobilising to Kabanga Luhuma Ni Projects"

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Drilling: Now Underway!*

- Multi-purpose RC/DD **drill rig mobilised to site**
- High impact **6,000m to 8,000m** "Priority Target Testing" **drilling program** now underway
- Drill target area selection has been based on coincident Heli-borne Electro Magnetic (HEM) and gravity anomalies
- **Ongoing assessment and adjustment to drill program anticipated** on final processing of HEM survey data
- Initial drill program expected to test approximately **20 initial anomalies within 7 priority HEM/Nickel target areas**
- Initial **RC Drilling commenced at HEM area 2**
- Additional drilling to follow at **HEM areas 7-9**, proximal and on **similar latitude to Kabanga Nickel Resource 58Mt @ 2.62% Ni**
- RC drilling **depths up to 200m;** diamond drilling **depths up to 500m**
- **Downhole EM to aid ongoing drill targeting**
- **Results expected during the December quarter**



Image of Contract driller undertaking RC and Diamond drilling at the Company's Licences November 2021,

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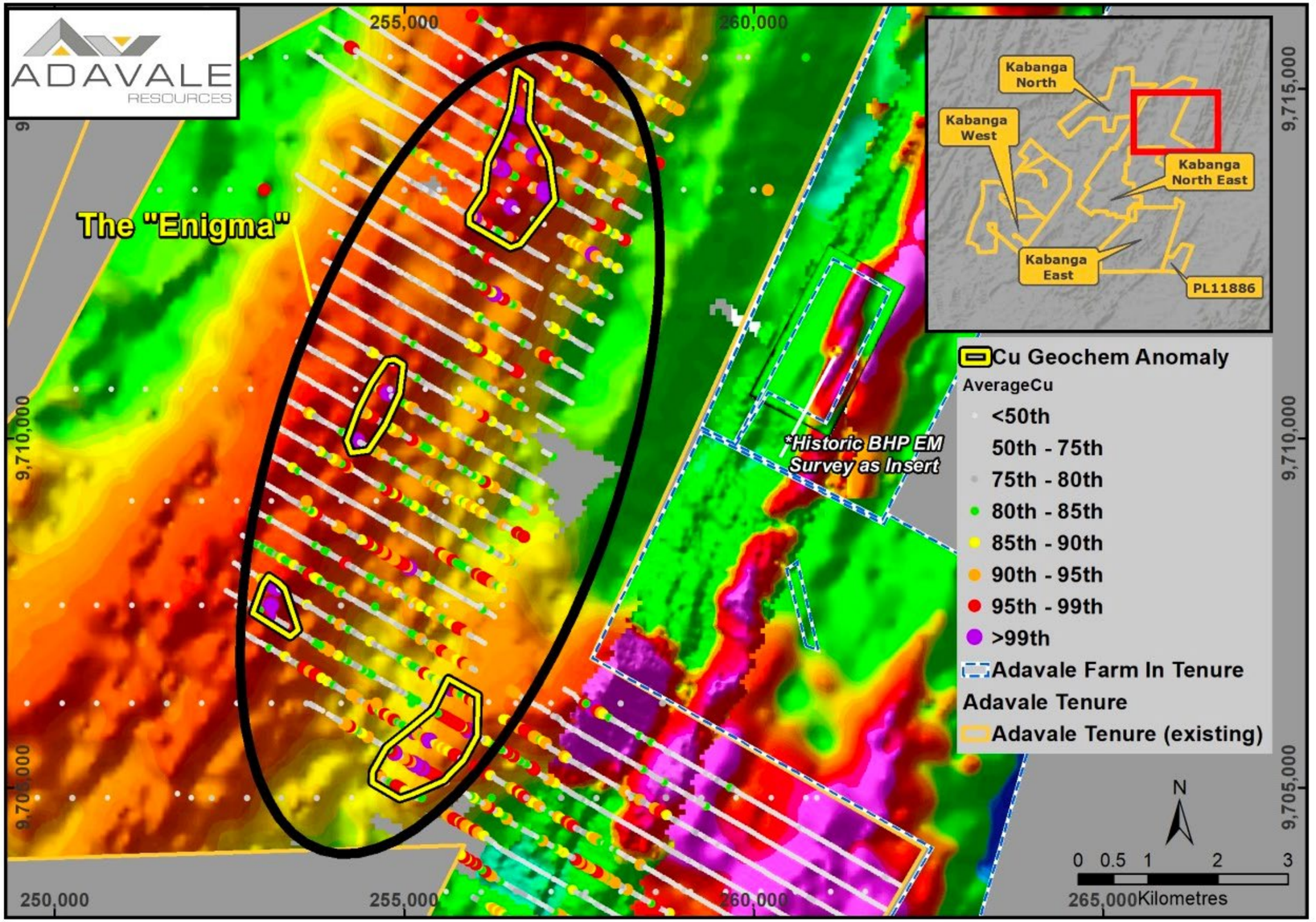
**ADD ASX Release dated 27 September 2022 titled "'Drill Rig Mobilising to Kabanga Luhuma Ni Projects"*

Luhuma Nickel Corridor – The “Enigma”

The “Enigma” target has the scale and scope to generate multiple new targets*

Hosts four distinct Cu anomalies that overly the regional gravity high

More work is still needed to unlock the “Enigma” …..but that’s exploration



*ADD ASX Release dated 9 June 2022 titled “Outstanding Success with Multiple Previously Unknown Nickel Targets Discovered at Kabanga NE”

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Tanzanian Social and Community Focussed Initiatives



Regional contract and employment opportunities

- Local geological field assistants and contractors
  - Drilling
  - DHEM surveys
  - Ground based surveys (soil and gravity surveys)
  - Logistics





Local Community and Health focused initiatives

Bridge2Aid Australia

- Prevention of infant oral mutilation
- Training, awareness and treatment

VAKA Health Foundation (sponsorship)

- Providing professional development training for 60 nurses at Ngara District Hospital'
- AAMEG 2022 award winner:

"Best Workforce and Industry Development Initiative"



SCAN ME

NICKEL PORTFOLIO

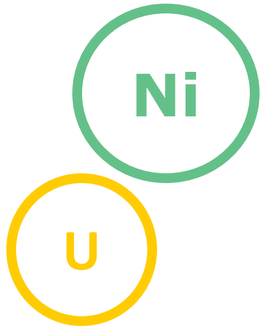
Investment Thesis



Alignment of opportunity and knowledge with activities focused on discovery with a highly prospective ground holding for sulphide Nickel and Uranium

Strong and experienced Board, Management and team: extensive Tanzanian experience, nickel exploration - discoveries and corporate actions and resource development

Board and key executives: material shareholdings, performance-based incentive: **leveraged to value uplift** via significant outcomes including discovery



Exposure to both Nickel and Uranium: Electrification and Decarbonisation



Proximal high-grade nickel sulphide Resources in the East African Nickel Belt

Contiguous with the world richest undeveloped nickel deposit – 58Mt @ 2.62% Ni

~1,300 sq km Licence/Farm ground holding

Multiple anomalies over 9 HEM/Gravity coincident target areas



Tanzanian Government is open to investment, mining and exploration

BHP have also re-emerged in via a strategic investment



High impact RC and DD drilling campaign now underway 6,000 to 8,000m

Results expected during - Dec 22 quarter



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