

3rd February 2020

Ms. Lin Kang
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

BY EMAIL ListingsComplianceSydney@asx.com.au

Dear Ms Kang:

Response to ASX Appendix 5B Query

We refer to the ASX's letter to Adavale Resources Limited (ASX: ADD) (**Company**) dated 31 January 2020 concerning the Company's Appendix 5B for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 31 January 2020 (**Appendix 5B**).

The Company responds to each of the questions set out in the ASX letter below.

1. **Does ADD expect that it will continue to have negative operating cash flows for the time being and, if not, why not?**

Yes, the Company expects that it will have negative operating cash flows for the foreseeable future, resulting from the Company's continued investment in exploration.

2. **Has ADD taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

The Company is actively seeking funding through a number of channels and believes it will be successful in securing additional capital in Q1 FY2020.

The Company will make any necessary announcements, in this regard, as and when required by the ASX Listing Rules.

3. **Does ADD expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

The Company acknowledges its current cash to be not sufficient to fund its continued investment in exploration operations for the next two quarters with further capital without scaling down its operations. The Company intends to raise sufficient capital under its Listing Rule 7.1 capacity on or around mid-February 2020, to continue to fund its operations and objectives without scaling down its operations.



4. **Please confirm that ADD is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.**

The Company confirms that it is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX under that rule that has not already been released to the market.

5. **Please confirm that ADD's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ADD with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms that these responses have been authorised and approved by the Board of Directors in accordance with its published Continuous Disclosure Policy.

Yours sincerely,

Jurgen Behrens
Joint Company Secretary

E: jurgen.behrens_ADD@outlook.com





31 January 2020

Reference: 13180

Mr Julian Rockett
Company Secretary
Boardroom Limited
Grosvenor Place,
Level 12, 225 George Street,
Sydney NSW 2000

By email: julian.rockett@boardroomlimited.com.au

Dear Mr Rockett

Adavale Resources Limited ('ADD'): Appendix 5B Query

ASX refers to ADD's Appendix 5B quarterly report for the period ended 31 December 2019 lodged with ASX Market Announcements Platform on 31 January 2020 (the 'Appendix 5B').

ASX notes that ADD has reported:

- negative net operating cash flows for the quarter of \$84,000;
- cash at the end of the quarter of \$50,000; and
- estimated cash outflows for the next quarter of \$150,000.

It is possible to conclude, based on the information in the Appendix 5B that if ADD were to continue to expend cash at the rate indicated by the Appendix 5B, ADD may not have sufficient cash to continue funding its operations.

In view of that, ASX asks ADD to respond separately to each of the following questions and requests for information:

1. Does ADD expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has ADD taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does ADD expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that ADD is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that ADD's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ADD with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT Tuesday, 4 February 2020**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in ADD's securities under Listing Rule 17.3. You should

note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ADD's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to ADD's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that ADD's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ADD's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Lin Kang
Adviser, Listings Compliance (Sydney)