

Adavale Resources Limited
ABN 96 008 719 015

Non-Renounceable Entitlement Offer Booklet

A Non-Renounceable Pro-Rata Entitlement Offer of One (1) New Share at an Issue Price of AUS\$0.01 per New Share plus one Attaching Option at no additional cost on the Options Terms for every one (1) Share held ("Offer") to raise up to approximately AUS\$1,711,944

The Offer opens at 9am AEDT on 27/07/2020

The Offer closes at 5pm AEDT on 05/08/2020

The Entitlement Offer is fully underwritten by CoPeak Corporate Pty Ltd ACN 632 277 144 as the Trustee for Peak Asset Management Unit Trust ABN 81 891 265 739 being an authorised representative (ARN 1249050) of Equity Underwriters Pty Ltd ABN 61 056 617 862 (AFSL No. 244040) ("Underwriter")

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This Offer Booklet dated 17/07/2020 and the accompanying personalised Entitlement and Acceptance Form contain important information. Please read both the Offer Booklet and the personalised Entitlement and Acceptance Form carefully and in their entirety and call your professional adviser or Adavale Resources Limited ABN 96 008 719 015 (**Adavale**) if you have any queries. In particular, Eligible Shareholders should refer to the risk factors set out in Section 5 of this document. If you do not understand these documents, or are in doubt as to how to act, you should consult your financial or other professional adviser before making any investment decision.

The Offer Booklet is not a prospectus prepared in accordance with the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Booklet does not necessarily contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document. As Adavale is a listed disclosing entity which meets the requirements of section 708AA of the Corporations Act, as modified by ASIC Instrument 2016/84, the Offer will be made without a prospectus.

Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates

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1. Important Information

The information in this Offer Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares with Attaching Options, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act (or any other law). It should be read in conjunction with Adavale's other periodic statements and continuous disclosure announcements lodged with ASX.

It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Adavale is not licensed to provide financial product advice in respect of the New Shares with Attaching Options. Neither ASIC nor ASX take responsibility for the contents of this Offer Booklet.

The information in this Booklet does not take into account the investment objectives, financial situation or needs of you or any particular investor. The potential tax effects of the Entitlement Offer will vary between individual investors. Before deciding whether to apply for New Shares with Attaching Options, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares the subject of the Entitlement Offer. If, after reading this Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent and appropriately licensed professional adviser.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares and any Additional Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Booklet.

You should also consider the key risks which is included in this Offer Booklet at section 5.

No person is authorised to give any information or make any representation in connection with the Offer other than as contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in this Offer Booklet is not, and may not be relied upon as having been, authorised by Adavale or any of its officers.

This Offer Booklet should be read in its entirety before you decide to participate in the Offer. This Offer Booklet is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form, or otherwise paying for your New Shares through (ANZ Bank, Adavale Resources, BSB: 012-006, Account Number: 282608021 in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Offer detailed in this Offer Booklet.

Notwithstanding any references to the contrary, all references to time in this Offer Booklet are to AEDT.

References to “you” and “your Entitlement”

In this Offer Booklet, references to “you” are references to Eligible Shareholders and references to “your Entitlement” (or “your Entitlement and Acceptance Form”) are references to the Entitlement and Acceptance Form of Eligible Shareholders.

No Entitlement trading

Entitlements are non-renounceable and will not be tradable on the ASX or otherwise transferable. You cannot, in most circumstances, withdraw your application for New Shares with Attaching Options once it has been accepted.

Defined terms and time

Defined terms and abbreviations used in this Offer Booklet are explained in Section 7.

Notwithstanding any references to the contrary, all references to time in this Offer Booklet are to Sydney time.

This Offer Booklet should be read in its entirety

1.1 Overseas Shareholders

This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. This Offer Booklet has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country.

Subject to certain exceptions in respect of certain foreign jurisdictions, Adavale has determined that it would be unreasonable to make the Offer to Shareholders with Registered Addresses that are outside Australia or New Zealand, having regard to the number of Shareholders and the costs in complying with the legal and regulatory requirements in those jurisdictions. No action has been taken to register or qualify the New Shares with Attaching Options or the Offer or otherwise to permit an offering of New Shares with Attaching Options in any jurisdiction outside Australia and New Zealand. Accordingly, this Offer Booklet and Entitlement and Acceptance Forms will not be sent to Shareholders who have a Registered Addresses outside of Australia or New Zealand.

The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions.

Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Adavale reserves the right to treat as invalid any Entitlement and Acceptance Form which does not comply with the requirements of this Offer Booklet or the Entitlement and Acceptance Form or which Adavale believes has been sent for, or on the account of, an Ineligible Foreign Shareholder or a person not entitled to participate in the Offer.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares with Attaching Options is subject to all requisite authorities and clearances being obtained for Adavale to lawfully receive your Application Monies.

New Zealand

The New Shares with Attaching Options are not being offered or sold to the public within New Zealand other than to existing shareholders of Adavale with registered addresses in New Zealand to whom the offer of New Shares with Attaching Options is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)*.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (New Zealand)*. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

None of the information in this Offer Booklet, or the Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to Eligible Shareholders, constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States of America (**United States**). Neither this Offer Booklet (or any part of it), the accompanying ASX announcements nor the Entitlement and Acceptance Form when that is to be made available, may be released or distributed directly or indirectly, to persons in the United States.

The New Shares with Attaching Options have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares with Attaching Options may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act of 1933 and applicable securities laws of any state or other jurisdiction in the United States.

Other jurisdictions

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been taken to register the New Shares with Attaching Options or otherwise permit a public offering of the New Shares with Attaching Options in any jurisdiction other than Australia and New Zealand. The return of an Entitlement and Acceptance Form to Adavale shall be taken by Adavale to constitute a representation and warranty by you that there has been no breach of any such laws. The distribution of this Offer Booklet and/or Entitlement and Acceptance Form (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Adavale disclaims all liabilities to such persons. Eligible Shareholders who hold Shares on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares with Attaching Options under the Offer does not breach the selling restrictions set out in this Offer Booklet or otherwise violate the securities laws in the relevant overseas jurisdictions.

No action has been taken to register or qualify this Offer Booklet, the New Shares with Attaching Options or the Offer, or otherwise to permit a public offering of the New Shares with Attaching Options, in any jurisdiction outside Australia and New Zealand. The foreign selling restrictions set out in the "Foreign Jurisdictions" Section in Section 6 of this Offer Booklet will also apply and relate to the issue of New Shares with Attaching Options under the Offer.

Notice to Nominees and Custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up any Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form or payment by (*ANZ Bank, Adavale Resources, BSB: 012-006, Account Number: 282608021*) will be taken by Adavale to constitute a representation that there has been no breach of those regulations.

1.2 Financial Forecasts and Forward Looking Statements

Some of the statements appearing in this Offer Booklet may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', or 'intends' and other similar such words that involve risks or uncertainties.

You should be aware that such statements are not statements of fact or guarantees and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. These risk factors are discussed further in Section 5 of this Offer Booklet. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward looking statement in this Offer Booklet.

To the maximum extent permitted by law, none of Adavale or any person named in this Offer Booklet or any person involved in the preparation of this Offer Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any intentions or outcomes expressed or implied in any forward looking statement and disclaim all responsibility and liability for such forward looking statements (including, without limitation, liability for negligence). Adavale has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Booklet, except where required by law. You are cautioned not to place undue reliance on any forward looking statement having regard to the fact that the outcome may not be achieved.

Any pro forma financial information (including past performance information) provided in this Offer Booklet is for information purposes only and is not a forecast of operating results to be expected in any future period. Except as required by law, and only then to the extent so required, neither Adavale nor any other person warrants or guarantees the future performance of Adavale or any return on any investment made pursuant to this Offer Booklet.

1.3 Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to Adavale (directly or to Adavale's Share Registry). Adavale collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons lawfully entitled to inspect the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and Adavale's Share Registry.

You can access, correct and update the personal information that we hold about you by contacting Adavale or its Share Registry. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the Entitlement and Acceptance Form, Adavale may not be able to accept or process your application for New Shares with Attaching Options.

1.4 Not investment advice

The information provided in this Offer Booklet does not constitute financial product advice or investment advice and does not take into account your investment objectives, financial situation or particular needs. If after reading this document, you have questions about the Offer, you should contact your stockbroker, accountant or other professional advisers.

The potential tax effects of the Offer will vary between individual investors, and each investor should seek their own professional taxation advice before deciding whether or not to participate in the Offer.

If you have any questions about your Entitlement to New Shares with Attaching Options, please contact either Adavale using the contact details provided in the Corporate Directory in Section 7 or your stockbroker or professional adviser.

1.5 Risks

You should consider the Section 5 (Risk Factors) for a summary of general and specific risk factors that may affect Adavale.

1.6 Publicly available information

The Offer Booklet should be read in conjunction with Adavale's continuous disclosure announcements made to the ASX available from the ASX website (at www.asx.com.au – Adavale ASX Code: ADD). Adavale may release further announcements after the date of this Offer Booklet which may be relevant to your consideration of the Offer.

1.7 Past performance

Investors should note that past performance, including past Share price performance, cannot be relied on as an indicator of, and provides no guidance as to, future Company performance, including future Share performance.

1.8 Future Performance

This Offer Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Adavale and certain plans and objectives of the management of Adavale. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Adavale, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Adavale. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Applicants should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures. Except as required by law or regulation (including ASX Listing Rules), Adavale undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

1.9 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter, subject to the terms of an agreement between Adavale and the Underwriter. See Section 6.9 for full particulars.

Key Entitlement Offer Details

Key Statistics	
Offer Price	0.01
Ratio	1:1
Shortfall Offer	Eligible Shareholders, who apply for their full Entitlement, may apply for 'Additional Shares', provided that the issue of those Additional Shares will not result in a breach of the Listing Rules or any applicable law.
Maximum number of New Shares to be issued under Entitlement Offer ¹	171,194,340

Maximum number of free Attaching Options to be issued under Entitlement Offer	171,194,340
Number of Options issued to Underwriter	40,000,000
Maximum amount to be raised under Entitlement Offer	\$1,711,944
Maximum number of Shares on issue following the Entitlement Offer ¹	342,388,680
Maximum number of Options on issue following the Entitlement Offer (including Underwriter's Options)	211,194,340

1. Assuming all of the New Share are taken up and issued.

Indicative Timetable for the Entitlement Offer *	
Activity	Date
Announcement of the Offer and lodgement of offer booklet, Appendix 3B	20/07/2020
Lodgement of Offer Booklet and 708AA cleansing notice with the ASX	20/07/2020
Letter to Shareholders regarding the Entitlement Offer	20/07/2020
Ex Date	22/07/2020
Record Date for the Offer (7.00pm AEDT)	23/07/2020
Offer Booklet and Entitlement and Acceptance Form sent to Eligible Shareholders	27/07/2020
Offer opens	27/07/2020
Last day to extend the Offer Closing Date	31/07/2020
Closing date for acceptances under the Offer (5.00pm AEDT)	05/08/2020
Trading on deferred settlement basis	06/08/2020
ASX notified of results	10/08/2020
Allotment of New Shares and Attaching Options issued under the Offer and Lodgement of Appendix 2A.	12/8/2020
Expected Despatch of Holding Statement and Normal ASX trading for New Shares and Attaching Options issued under the Offer.	17/08/2020

* The above dates are indicative only and may be subject to change. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Directors reserve the right to vary the dates of the Offer in consultation with the Underwriter. The Directors reserve the right not to proceed with the whole or part of the Offer at any time prior to issue of the New Shares and Attaching Options. In that event, Application Monies (without interest) will be returned in full to the Applicants. An extension of the Closing Date for the Offer will delay the anticipated date for issue of the New Shares with Attaching Options. The commencement of quotation of New Shares with Attaching Options is subject to confirmation from ASX.

Eligible Shareholders wishing to participate in the Offer are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Offer opens.

You cannot, in most circumstances, withdraw an application once it has been accepted. No cooling-off rights apply to the Offer.

2. Chairman's Letter

Dear Shareholder

On behalf of the Board of Adavale Resources Limited ("**Adavale**" or the "**Company**") I invite you to participate in Adavale's fully underwritten non-renounceable pro-rata entitlement offer of one (1) New Share at an Issue Price of \$0.01 per New Share plus one (1) free Attaching Option for no additional cost on the Option Terms for every one (1) Share held at the Record Date of (23/7/2020), (**Offer**).

The Offer was announced (20/7/2020), advising that Adavale would raise approximately up to \$1,711,944 through a non-renounceable pro-rata entitlement offer ("**Entitlement Offer**").

Under the Offer, Eligible Shareholders who are on Adavale's share register at (23/07/2020) ("**Record Date**") will be entitled to subscribe for (one) 1 New Share plus one (1) Attaching Option at no additional cost on the Option Terms for every one (1) Share held, on the terms set out in this Offer Booklet ("**Entitlement**").

Eligible Shareholders who subscribe for their full Entitlement may also apply for New Shares and accompanying Options on the Option Terms in excess of their Entitlement (**Additional Shares**) in accordance with the Shortfall Offer.

The Offer is fully underwritten by CoPeak Corporate Pty Ltd ACN 632 277 144 as the Trustee for Peak Asset Management Unit Trust ABN 81 891 265 739 being an authorised representative (ARN 1249050) of Equity Underwriters Pty Ltd ABN 61 056 617 862 (AFSL No. 244040).

The Offer Price represents a 44% discount to the last traded price of Adavale's Shares on 16/7/2020 of \$0.018 per Share.

The proceeds of the Offer will be used to fund payment of outstanding creditors including outstanding directors' fees of \$52,800 and payment of interest on the convertible notes of \$254,011 with the balance to fund the on-going working capital requirements of Adavale.

The Directors who hold Shares intend to participate in the Offer for all of their respective Entitlements.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferrable. Shareholders who do not take up their Entitlement will not receive any value in respect of those Entitlements.

The Offer is to be made pursuant to s708AA of the Corporations Act and the Offer Booklet has been lodged with the ASX. A copy of that document can be accessed on the ASX website or Adavale's website. For those Eligible Shareholders, the Offer document is anticipated to be despatched (with personalised application forms) on or around (27/07/2020).

The Offer is scheduled to close at 5.00pm (AEDT) on (05/08/2020). To participate in the Offer, you must have applied for New Shares so that your completed Entitlement and Acceptance Form and application money, or BPAY® payment is received by this time. Shareholders recorded on the share register with an address outside Australia and New Zealand are not eligible to participate in the Offer.

Full details of the Offer and how to participate can be found in this Offer Booklet. I encourage you to read this document before deciding whether or not to take up your Entitlement. If you have any questions in respect of the Offer please consult your stockbroker, accountant or other professional adviser.

As a Board, we appreciate the support of our existing Shareholders and we have been mindful of providing existing Shareholders, the first opportunity to maintain or increase their investment in Adavale.

We look forward to your participation in the Offer.

Non-Executive Chairman

3. Details of the Offer

3.1 The Offer

Adavale is conducting a fully-underwritten non-renounceable pro rata offer of New Shares with Attaching Options to Eligible Shareholders.

Eligible Shareholders who are recorded on Adavale's share register at 5.00pm (AEDT) on (23/07/2020) ("**Record Date**") will be entitled to subscribe for one (1) New Share plus one (1) free Attaching Option on the Option Terms for every one (1) Share held on the Record Date. The Issue Price for each New Share is \$0.01, which is payable in full on application. There is no additional cost for the issue of the Attaching Options. Fractional Entitlements are being rounded up to the next whole New Share.

To participate in the Offer, Eligible Shareholders need to ensure that Entitlement and Acceptance Forms and/ or payment of Application Monies is received by Adavale on or before the Closing Date, in accordance with the instructions in Section 4.

The maximum number of New Shares to be issued under the Offer will be approximately 171,194,340, to raise up to approximately AUD\$1,711,944 (before costs) and the maximum number of Attaching Options will be 171,194,340 Options (Note: an additional 40 million Options will also be issued to the Underwriter upon completion of the Offer). The details of the use of the proceeds of the Offer are set out in Section 3.3 (Use of funds) below.

All of the New Shares offered under this Offer Booklet will rank equally with the Shares on issue at the date of this Offer Booklet, on and from their date of issue.

As stated above each New Share will be accompanied by one free Attaching Option at no additional cost. Under the Offer, successful applicants will receive one Attaching Option at no additional cost for every New Share purchased. Once issued, the Attaching Options may be sold or transferred on ASX separately from the New Shares. The Attaching Options can only be acquired in conjunction with the Offer. There is no separate offer of Options, and no application for Options will be accepted on the basis of this Offer. The Directors may, at any time, decide to withdraw this Offer Booklet and the offers of New Shares made under it, in which case Adavale will return all Application Monies (without interest) within 28 days of giving such notice of withdrawal.

As the Offer is fully underwritten by the Underwriter, there is no minimum subscription.

Summary of Offer	
Issue Price per New Share	0.01
Entitlement	1:1
Discount of the Issue Price to the closing price of \$0.018 on 16/07/2020 (day of last sale on the ASX)	%
Discount of the Issue Price to the 5-day volume weighted average price up to and including 09/07/2020	VWAP: \$0.018 Discount: \$0.008
Discount of the Issue Price to the theoretical ex-entitlements price of \$0.004 using the closing price on 06/08/2020	TERP: \$0.014 Discount: \$0.004
Maximum number of New Share to be issued under the Offer	171,194,340
Maximum amount to be raised under the Offer	\$1,711,944
Maximum number of Shares on issue following the Offer ¹	342,388,680
Maximum number of Options on the Option Terms on issue following the Offer (including the Options issued to the Underwriter)	211.194,340

3.2 Eligibility to participate in Offer

The Offer is being offered to Eligible Shareholders only. Eligible Shareholders are persons who are registered as a holder of Shares as at the Record Date that:

- have a Registered Address in Australia or New Zealand or are a Shareholder that Adavale has otherwise determined (in its absolute discretion) is eligible to participate in the Offer; and
- are not located in the United States and are not a US Person or acting for the account of or benefit of a person in the United States or US Person

("Eligible Shareholders").

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement which will accompany the electronic or paper copy this Offer Booklet sent to them. Shareholders who are not Eligible Shareholders, will not be entitled to participate in the Offer or to subscribe for New Share.

3.3 Shortfall Offer

Eligible Shareholders, who apply for their full Entitlement, may apply for New Shares with Attaching Options in excess of their Entitlement (**Additional Shares**), provided that the issue of those Additional Shares and Attaching Options will not result in a breach of the Listing Rules or any applicable law.

Any Additional Shares and Attaching Options will be limited to the extent that there are sufficient New Shares with Attaching Options available after satisfying all Applications received from Eligible Shareholders pursuant to the Entitlement Offer (i.e. there is a shortfall between the number of New Share applied for under the Entitlement Offer and the total number of New Share offered to Eligible Shareholders under the Entitlement Offer).

The Board has an absolute discretion in regards to the allocation of Additional Shares and Attaching Options. Please note that no Additional Shares with the Attaching Options will be issued to a holder where the effect of issuing Additional Shares and Attaching Options will result in the applicant's, or another person's, Voting Power in Adavale increasing from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

Adavale's decision as to the number of Additional Shares and Attaching Options to be allocated to you will be final and binding. If scaling back occurs, Application Monies in relation to Additional Shares applied for but not issued will be refunded by cheque to your registered address as noted on Adavale's share register as soon as possible following the Closing Date, without interest.

Eligible Shareholders who wish to apply for Additional Shares should insert the number of Additional Shares that they want to apply for in the appropriate Section of the Entitlement and Acceptance Form or otherwise following the instructions in that form if paying via BPAY®. Any Additional Shares that are applied for must be paid for at the same time, and in the same way, that the New Shares to be issued pursuant to the acceptance of Entitlements are paid for.

There is no guarantee that Eligible Shareholders will receive any or all of the Additional Shares they apply for. New Shares, including Additional Shares issued under the Shortfall Offer will rank equally with Adavale's existing Shares.

Following the allocation of the Additional Shares and Attaching Options, any remaining New Shares with Attaching Options will be issued to the Underwriter or its nominees in accordance with the Underwriting Agreement.

The Directors reserve the right to issue any Additional Shares and Attaching Options not taken up by Shareholders in the Entitlement Offer and the Shortfall Offer through a share placement to third parties who are sophisticated investors no later than 3 months after the Closing Date at an issue price not less than \$0.01 per New Share.

3.4 Use of Funds

Completion of the Offer will result in an increase in cash at hand of up to approximately AUD\$1,711,944 (before the payment of the costs associated with the Offer and outstanding creditors).

Adavale intends to apply the funds raised under the Offer to repay creditors including outstanding directors' fees of \$52,800 and payment of interest on the convertible notes of \$254,011 with the balance used to fund Adavale's ongoing working capital requirements of Adavale.

The above is a statement of the Board's current intentions as at the date of this Offer Booklet. However, Shareholders should note that, as with any budget, the allocation of funds set out above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3.5 CHESS

Adavale participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Ltd ACN 008 504 532 (**ASTC**), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASTC Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares with Attaching Options.

If you are registered in the Issuer Sponsored Sub-register, your statement will be despatched by Computershare Investor Services Pty Limited and will contain the number of New Shares with Attaching Options issued to you under this Offer Booklet and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time; however, there may be a charge associated with the provision of this service.

3.6 Capital structure

The principal effect of the Offer will be to increase the total number of Shares and to increase the cash reserves by up to \$1,711,944 (before deducting the costs of the Offer and payment of outstanding creditors).

The following table shows the capital structure of Adavale before and after completion of the Offer¹:

Shares	Number
Shares on issue at the date of this Offer Booklet	171,194,340
Maximum number of New Shares to be issued under the Offer ¹	171,194,340
Maximum number of Shares on issue following the Offer	342,388,680

¹ Assuming no employee incentive scheme shares are allocated prior to completion of the Offer

Options	Number
Maximum number of Attaching Options on issue following the Offer	171,194,340
Maximum number of Options (other than the Attaching Options) issued to the Underwriter	40,000,000

3.7 Offer fully Underwritten

The Offer is fully underwritten by the Underwriter. Subject to the terms of the Underwriting Agreement, the Underwriter will lodge or cause to be lodged with Adavale, Applications for any New Share not subscribed for by Eligible Shares. The Underwriter is entitled to nominate all the Applicants.

The following shows the Voting Power of the Underwriter at different levels of Acceptances for New Shares by Eligible Shareholders on the assumption that Additional Shares are not taken up by Eligible Shareholders under the Shortfall Offer:

Voting Power	No Shortfall Amount		50% Shortfall Amount		100% Shortfall Amount	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Underwriter	0	0	85,597,170	25	171,194,340	50%
Other Shareholders (Post)	342,388,680	100	256,791,510	75	171,194,340	50%
Total	342,388,680	100	342,388,680	100	342,388,680	100

The following shows the number of Attaching Options held by the Underwriter at different levels of Acceptances for New Shares by Eligible Shareholders on the assumption that Additional Shares are not taken up by Eligible Shareholders under the Shortfall Offer:

Attaching Options (excludes the 40million Options issued to the Underwriter for its Fees)	No Shortfall Amount		50% Shortfall Amount		100% Shortfall Amount	
	No. of Attaching Options	%	No. of Attaching Options	%	No. of Attaching Options	%
Underwriter	0	0	85,597,170	50	171,194,340	100
Other Shareholders (Post)	171,194,340	100	85,597,170	50	Nil	0
Total	171,194,340	100	171,194,340	100	171,194,340	100

A summary of the other material terms of the Underwriting Agreement is set out in Section 6.9.

3.8 Impact of the Offer on your Shareholding and Possible Dilutive Effect

The dilutionary effect the Offer on your shareholding will depend on whether you are an Eligible Shareholder and if so, whether you elect to subscribe for some or all of your Entitlement. If Eligible Shareholders take up all of their entitlements under the Offer, Eligible Shareholders will hold the same percentage interest in Adavale as they did immediately prior to completion of the Offer.

However, to the extent that any Shareholder fails to take up their full Entitlement to New Shares with Attaching Options under the Offer, and Ineligible Foreign Shareholders are unable to participate in the Offer, that Shareholder's percentage holding in Adavale will be diluted.

3.9 Effect of Offer on Voting Power in Adavale

As the acquisition of Shares under the Offer satisfies the requirements of exception 10 of section 611 of the Corporations Act as, all persons (including the Underwriter) shall be entitled to acquire New Shares with Attaching Options pursuant to the Offer even if to do so would result in their, or another person's, Voting Power increasing from 20% or below to more than 20%, or from a starting point above 20% to below 90%.

However this does not apply to the Shortfall Offer. Therefore in relation to the Shortfall offer shareholders will not be able to apply for New Shares with the Attaching Options if it would result in their, or another person's, Voting Power increasing from 20% or below to more than 20%, or from a starting point above 20% to below 90%.

The Entitlement Offer will be fully underwritten by the Underwriter. Therefore if Eligible Shareholders do not take up the Entitlement Offer and the Shortfall Offer the Voting Power of the Underwriter in Adavale will increase from the current zero interest to that set out in the table in section 3.7 above.

Whether the Underwriter is required to subscribe for New Shares with Attaching Options pursuant to the Underwriting Agreement and, therefore, any consequential increase in their Voting Power in Adavale on the close of the Offer, is dependent on the size of the Shortfall (if any), whether and to the extent that Eligible Shareholders take up the Shortfall Offer and whether the Underwriter increases its Voting Power in Adavale between the date of this Offer Booklet and the Completion of the Offer.

3.10 Directors' intentions and participation

The Directors who hold Shares intend to participate in the Offer for some or all of their respective Entitlements.

3.11 Entitlements and acceptance

Details of how to apply under the Offer is set out in Section 4 (What Eligible Shareholders May Do) of this Offer Booklet. The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying the Offer Booklet that will be sent by email or posted to Eligible Shareholders.

3.12 No rights trading

The right to subscribe for New Shares with Attaching Options pursuant to the Offer is non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares with Attaching Options under the Offer to any other party. If you do not take up your Entitlement to New Shares with Attaching Options by the Closing Date, your Entitlement will lapse.

3.13 Option Terms

Exercise price: Each Attaching Option will entitle the holder to subscribe for one ordinary Share on payment of the sum of \$0.03 to the Company.

Notice of Exercise: Each Attaching Option may be exercised by notice in writing to the Company accompanied by payment in full at any time before the date of expiry (being 31 December, 2023). Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

Expiry date: The expiration date for exercise of the Attaching Options is 5.00pm (EST time) on 31 December, 2023. Attaching Options not exercised by this date will lapse.

Quotation: Application will be made to ASX for official quotation of the Attaching Options. It is expected that the trading code for the Attaching Options will be ADDO, subject to confirmation from ASX. Options are transferrable.

Participation Rights or Entitlements: An Attaching Option will not entitle the holder to participate in a new issue of ordinary Shares or other securities of the Company unless the Attaching Option has been exercised before the record date for that new issue.

Participation Rights or Entitlements on Shares Issued on Exercise of Options: Shares allotted pursuant to the exercise of Attaching Options will be allotted following receipt of all relevant documents and payments and will rank equally with all other Shares on issue.

Adjustments: If the Company undergoes a reorganisation of capital (other than a bonus issue or issue for cash), the number and exercise price of the Attaching Options will be adjusted to the extent necessary to comply with the ASX Listing Rules at the time of the reorganisation.

Bonus Issues: If there is a bonus issue to the holders of Shares, the number of shares over which an Attaching Option is exercisable will be increased by the number of Shares which the option holder would have received if the Option had been exercised before the record date for the bonus issue.

3.14 Risks

There are various risks associated with investing in Adavale, as with any stock market investment, and, specifically, because of the nature of Adavale's advertising business. Potential investors should consider whether the securities are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in Section 5 of this Offer Booklet. Many of those risk factors are outside the control of Adavale.

3.15 Issue and dispatch

New Shares with Attaching Options issued pursuant to this Offer Booklet will be issued in accordance with the ASX Listing Rules and the indicative timetable set out on page 6 of this Offer Booklet.

Pending the issue of New Share or the payment of refunds pursuant to this Offer Booklet, all Application Monies will be held in trust for the relevant applicants in a separate bank account as required by the Corporations Act. Adavale will, however, be entitled to retain all interest that accrues on the bank account and each applicant of New Share waives the right to claim interest by completing and returning the Entitlement and Acceptance Form or making payment by BPAY.

The expected dates for the issue of New Share offered by this Offer Booklet and dispatch of holding statements is expected to occur on the dates specified in the indicative timetable set out on page 6 of this Offer Booklet. It is the responsibility of applicants for New Share to determine the allocation prior to trading in the New Share. Applicants who sell New Share before they receive their holding statements will do so at their own risk.

3.16 Taxation Matters

It should not be inferred or implied that Adavale, Directors or its officers, purport to give Shareholders advice regarding the taxation consequences of subscribing for New Share under this Offer Booklet. Adavale, its advisers and its Directors and officers do not accept any responsibility or liability for any such taxation consequences to Eligible Shareholders. Eligible Shareholders should consult their professional tax adviser in connection with the tax consequences of subscribing for any New Share under this Offer Booklet.

3.17 Continuous Disclosure

Adavale is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Adavale is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Adavale has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Adavale Shares. That information is available to the public from ASX.

This Offer Booklet is intended to be read in conjunction with the publicly available information in relation to Adavale which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Share. All announcements made by Adavale are available from its website www.adavaleresources.com or the ASX at www.asx.com.au (Adavale ASX Code: ADD).

3.18 Ineligible Foreign Shareholders

Ineligible Foreign Shareholders are not entitled to participate in the Entitlement Offer.

The restrictions upon eligibility to participate in the Entitlement Offer arise because Adavale has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make the Offer to Shareholders with Registered Addresses that are outside Australia or New Zealand, having regard to the number of Shareholders and the costs in complying with the legal and regulatory requirements in those jurisdictions (“**Ineligible Foreign Shareholders**”). This decision has been made after taking into account the relatively small number of Shareholders in the jurisdictions in which the Ineligible Foreign Shareholders are located, the relatively small number and value of New Share to which those Shareholders would otherwise be entitled to subscribe for and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Foreign Shareholders are located.

Adavale, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. Adavale may determine whether a Shareholder is an Eligible Shareholder or an Ineligible Foreign Shareholder. To the maximum extent permitted by law, Adavale disclaims all liability in respect of such determination.

Subject to certain exceptions in respect of certain foreign jurisdictions, Adavale has determined. No action has been taken to register or qualify the New Share or the Offer or otherwise to permit an offering of New Share in any jurisdiction outside Australia and New Zealand. Accordingly, this Offer Booklet and Entitlement and Acceptance Forms will not be sent to Shareholders who have a Registered Addresses outside of Australia or New Zealand.

In compliance with ASX Listing Rule 7.7.1:

- Adavale has decided that it is unreasonable to make the offer to holders who do not have registered addresses in Australia or New Zealand (“**Ineligible Foreign Shareholders**”) having regard to each of the number of holders in the place where the offer would be made and the number and value of securities the holders would be offered and the cost of complying with the legal requirements, and requirements of a regulatory authority, in the place; and,
- Adavale will send each holder to whom it will not offer the New Shares with Attaching Options details of the issue and advice that Adavale will not offer securities to the holder.

As this is a non-renounceable pro rata issue ASX listing Rule 7.7.1(c) does not apply.

The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions.

Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Adavale reserves the right to treat as invalid any Entitlement and Acceptance Form which does not comply with the requirements of this Offer Booklet or the Entitlement and Acceptance Form or which Adavale believes has been sent for, or on the account of, an Ineligible Foreign Shareholder or a person not entitled to participate in the Offer.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Adavale to lawfully receive your Application Monies.

3.19 ASX Quotation

Adavale will apply to ASX for quotation of the New Shares and Attaching Options on ASX. If ASX does not grant official quotation of the New Shares and Attaching Options, Adavale will not issue any New Shares or Attaching Options and all Application Money will be refunded, without interest. Adavale disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares or Attaching Options before the New Shares or Attaching Options are listed on the Official List of ASX or receiving their confirmation of issue, whether on the basis of confirmation of the allocation provided by Adavale or the Share Registry.

3.20 Enquiries

If you have any questions, please contact Adavale using contact details provided in the Corporate Directory during the Offer period. If you are in any doubt as to whether you should participate in the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser.

4. What Eligible Shareholders May Do

Eligible Shareholders will receive a personalised Entitlement and Acceptance Form setting out their Entitlement with the electronic or paper copy of this Offer Booklet sent to them. Shareholders, who are not Eligible Shareholders, will not receive an Entitlement and Acceptance form.

Eligible Shareholders' Entitlements to New Shares will be shown on the Entitlement and Acceptance Form accompanying the electronic or paper copy of this Offer Booklet sent to them. Before taking any action in relation to the Offer, you should read this Offer Booklet in its entirety, and seek professional advice from your professional adviser.

You may:

- take up all of your Entitlement to New Shares (see Section 4.1 below);
- take up all of your Entitlements and apply for Additional Shares in excess of your Entitlement (see Section 4.1 below);
- take up part of your Entitlement to New Shares and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 4.1 below); or
- do nothing and allow all of your Entitlement to New Shares to lapse, in which case you will receive no value for those lapsed Entitlements (see Section 4.1 below).

Eligible Shareholders who do not participate in the Offer, or participate for an amount that is less than their full Entitlement, will have their percentage Shareholding in Adavale reduced or diluted.

Please note that the allocation and issue of Additional Shares is at the sole discretion of Adavale and any scale back may be applied in its discretion, having regard to the circumstances as at the time of the close of the Entitlement Offer and the terms set out in this Offer Booklet.

Please also note that if you are an Eligible Shareholder who is a 'related party' in relation to Adavale (as that term is defined in the ASX Listing Rules) or are otherwise a person to whom Listing Rule 10.11 applies, you may apply to take up your Entitlement in part or in full, but may not apply for Additional Shares.

4.1 If you wish to take up all of your Entitlement to New Share (with or without Additional Shares)

If you wish to take up all of your Entitlements, or if you wish to take up your Entitlement in full and apply for Additional Shares, you should:

- complete the accompanying Entitlement and Acceptance Form (in accordance with the instructions set out in the Entitlement and Acceptance Form) and indicate the number of New Share you wish to subscribe for in accordance with the instructions set out on the Entitlement and Acceptance Form and any Additional Shares for which you wish to subscribe; and
- send the completed Entitlement and Acceptance Form together with your cheque, bank draft or money order (in Australian currency) made payable to "Adavale Resources Limited" for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form.

Alternatively, Eligible Shareholders may apply for New Shares and pay by BPAY®. For Eligible Shareholders wishing to apply for New Shares and to pay by BPAY®, see Section 4.3 below.

If you take no action or your Application is not supported by cleared funds, you will be deemed not to have taken up your Entitlement and your Entitlement will lapse.

If you wish to take up part of your Entitlement to New Share and allow the balance to lapse, you should:

- complete the accompanying Entitlement and Acceptance Form (in accordance with the instructions set out on the Entitlement and Acceptance Form) and indicate the number of New Share you wish to subscribe for in accordance with the instructions set out on the Entitlement and Acceptance Form; and
- send the completed Entitlement and Acceptance Form together with your cheque (in Australian currency) made payable to "Adavale" for the applicable Application Monies to the Share Registry at the address set out on the Entitlement and Acceptance Form.

The completed Entitlement and Acceptance Form should be sent together with your cheque bank draft or money order for the applicable Application Monies to the Share Registry at the address set on the Entitlement and Acceptance Form by no later than 5:00 pm AEDT on the Closing Date.

Alternatively, Eligible Shareholders may apply for New Shares and pay by BPAY®. For Eligible Shareholders wishing to apply for New Shares and to pay by BPAY® and for further details about payment, see Section 4.2 below.

4.2 Payment by BPAY®

For Eligible Shareholders wishing to pay by BPAY® (only available to Eligible Shareholders who hold an account with an Australian financial institution that supports BPAY®):

- You should make your payment in respect of your Application Monies via BPAY® for the number of New Shares you wish to subscribe for (being the Issue Price of A\$0.01 multiplied by the number of New Share for which you wish to apply).
- Please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number).
- Your BPAY® payment must be received by no later than 5.00pm (AEDT) on the Closing Date. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received by this time.
- For payment by BPAY® you do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPAY®, you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.
- Please make sure to use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

If you have more than one holding of Shares you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form. If you inadvertently use the same Reference Number for more than one of your Entitlements, you will be deemed to have applied only for your Entitlements to which that Reference Number applies.

If the amount of your cheque, bank draft, money order or BPAY® payment for Application Monies is insufficient to pay in full for the number of New Shares you have applied for, you will be taken to have applied for such lower whole number of New Share as your cleared Application Monies will pay for. Alternatively, your Application will be rejected (at the discretion of Adavale).

Adavale will treat you as applying for as many New Shares as your payment will pay for in full.

Any Application Money received by Adavale in excess of your final allocation of New Shares will be refunded by cheque to your registered address as noted on Adavale's share register as soon as practicable after the close of the Offer. It is not practical to refund any amount of less than A\$5.00 to Shareholders and any refunds owing for less than this amount will be retained by Adavale. No interest will be paid to Applicants on any Application Money received or refunded.

If you take no action or your fail to take any action prior to the Closing Date, your Entitlement under the Offer will lapse.

4.3 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY®, constitutes a binding and irrevocable offer to apply for New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn.

Your application will be considered to be for as many New Shares as your payment will cover. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Share. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or

making payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and that the Offer can be made to you in accordance with this Offer Booklet, in accordance with applicable securities laws;
- (b) you have read and understood this Offer Booklet and your Entitlement and Acceptance Form in their entirety and provide the authorisations contained in this Offer Booklet and Entitlement and Acceptance Form;
- (c) you agree to be bound by the terms of the Offer, provisions of the Offer Booklet and Adavale's constitution;
- (d) you declare that you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;
- (e) all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) you authorise Adavale to register you as the holder of New Share issued to you;
- (g) once Adavale (or the Share Registry) receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw it except as allowed by law;
- (h) you agree to apply for the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- (i) you agree to be issued the number of New Shares that you apply for in the Entitlement and Acceptance Form;
- (j) you authorise Adavale, the Underwriter, the Share Registry and their respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (k) you authorise Adavale to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (l) you declare that you were the current registered holder(s) on the Record Date of that number of Shares as indicated on the Entitlement and Acceptance Form as being held by you;
- (m) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and of your holding of Shares on the Record Date;
- (n) you acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and that the Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Adavale and is given in the context of Adavale's past and ongoing continuous disclosure announcements to ASX;
- (o) you acknowledge the statement of risks in the "Risk Factors" detailed in Section 5 of this Offer Booklet, and that investments in Adavale are subject to investment risk;
- (p) you acknowledge that none of Adavale, the Underwriter and their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of Adavale, nor do they guarantee the repayment of capital;
- (q) you will also be deemed to have acknowledged, represented and warranted on your behalf and on behalf of and in relation to each person on whose account you are acting that:
 - (1) you are not in the United States, are not a US Person or acting for the account of or benefit of a person in the United States or US Person; and

- (2) you have not, and will not, send any materials relating to the Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- (3) you are not otherwise a person to whom it would be illegal or unlawful to make an offer or issue of New Shares under the Offer;
- (4) you represent and warrant that the law of any other place (other than Australia or New Zealand) does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application and that you are otherwise eligible to participate in the Offer and be issued New Shares;
- (5) you have not and will not send any materials relating to the Offer to any person in the United States or any other country outside Australia and New Zealand, except Australian nominees and custodians may send this document to beneficial Shareholders who are institutional investors in other countries listed in, and to the extent permitted under, Section 6 of this Offer Booklet captioned "Foreign Jurisdictions"; and
- (6) you agree that the allotment of New Shares (including, if applicable, Additional New Shares) to you constitutes acceptance of your application.

4.4 Brokerage and stamp duty

No brokerage is payable for the issue of New Share pursuant to this Offer Booklet. No stamp duty is payable for subscribing for New Share under the Offer.

4.5 Notice to Nominees and Custodians

Adavale is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. Adavale is not able to advise on foreign laws.

4.6 Withdrawal of the Entitlement Offer

Subject to applicable law, Adavale reserves the right to withdraw the Entitlement Offer at any time before the issue of New Share, in which case Adavale will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Adavale will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Adavale.

4.7 Risks

Eligible Retail Shareholders should be aware that an investment in Adavale involves risks. The key risks identified by Adavale are set out in Section 5 of this Offer Booklet.

5. Risk Factors

5.1 Introduction

The New Share offered under this Offer Booklet should be considered speculative because of the nature of Adavale's business. There are numerous risk factors involved with Adavale's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Adavale and cannot be mitigated. Accordingly, an investment in Adavale carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of some of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Booklet in its entirety and consult their professional advisors before deciding whether to apply for the New Share.

5.2 Industry and Company Specific Risks

The business of Adavale is mineral exploration in Tanzania.

Mineral exploration and development is a speculative business, characterised by a number of significant uncertainties, these include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire explosions and other incidents beyond the control of Adavale.

For example, unprofitable efforts may result not only from the failure to discover mineral deposits but also from finding mineral deposits that are insufficient in quantity and/or quality to return a profit from production. Even deposits that could be sufficient to provide a profit from production are not guaranteed to do so because management of the mining operation may fail to perform adequately. The marketability of minerals acquired or discovered by Adavale may be affected by numerous factors which are beyond Adavale's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and metals, and environmental protection, a combination of which may result in Adavale not receiving an adequate return on invested capital.

Adavale's operations are subject to all of the hazards and risks normally incidental to the exploration, of minerals. This may include personal injury or deaths, damage to property, environmental damage and possible legal liability.

As Adavale's mineral exploration operations are based in Tanzania, the operations are subject to sovereign risk such as varying degrees of political and economic stability, crime, instability, crime, labour union industrial action, wage inflation, extreme fluctuations in currency exchange rates and inflation, all of which are beyond its control.

Changes, if any, in mining or investment policies, or shifts in political attitude in Tanzania may adversely affect Adavale's operations or its future profitability. Operations may be adversely affected to varying degrees by government regulations with respect to restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety, among other things.

5.3 Entitlement Offer Specific Risks

The completion of the Entitlement Offer will result in the issue of 171,194,340 New Share. If an Eligible Shareholder does not take up their full Entitlement their percentage holding of Shares will be diluted. Examples of how dilution may impact on Shareholders are set out in section 3.6.

5.4 General investment risks

- (a) **Economic Risk:** Factors such as economic outlook, inflation, currency fluctuation, interest rates, demand, global geo-political events and hostilities and industrial disruption have an impact on operating costs, oil and gas prices and share market conditions. Adavale's future possible profitability and the market price of Adavale Shares can be affected by these factors which are beyond the control of its Directors.

- (b) **Investing in Shares:** Once the New Share are quoted on the ASX, their price may rise or fall and they may trade at prices below or above the Issue Price. There also can be no assurance that the New Share will be traded actively. In common with other listed entities, Adavale's Shares can be affected by factors that are unrelated to the operating performance or underlying value of Adavale, such as domestic and international economic conditions. These fluctuations may adversely affect the price of Adavale's Shares, including the New Share once issued.
- (c) **General economic conditions:** Adavale's operation and financial performance is affected by general economic business conditions including inflation levels, interest rates, exchange rates, government fiscal and monetary policies, and changing healthcare policy and medical reimbursement in the jurisdictions in which Adavale operates. A sustained decline in general economic condition, such as an increase in interest rates, could be expected to have a material adverse effect on Adavale's operation and financial standing.
- (d) **Accounting standards:** Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**) and are therefore outside the Directors' and Adavale's control. Changes to accounting standards issued by the AASB could materially adversely affect the way in which Adavale's financial performance is perceived by the market.
- (e) **Taxation risks:** Changes to tax law in Australia, New Zealand or other jurisdictions in which Adavale and its Shareholders operate may affect Adavale and its Shareholders. Personal tax liabilities are the responsibility of each individual investor and Adavale has no responsibility for taxation or taxation penalties incurred by its Shareholders.
- (f) **Equity market conditions:** Securities listed on the stock market can experience extreme price and volume fluctuations that are unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.
- (g) **Business factors:** The continuing economic viability of Adavale will be dependent on managing risk factors normally found in conducting a business, including management of contractual risks, litigation due to breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise), strikes, lockouts, loss of services of key management or operational personnel or change in tax and accounting laws. There can be no assurance that parties with whom Adavale has entered into commercial arrangements will adhere to the terms of the contracts and arrangements. There is the potential of material failure by or insolvency of any contractor used by Adavale in any of its activities. Such being the case, this could cause disruption to the operations of Adavale. Adavale is unable to predict the risk of insolvency or other managerial failure by any of its contractors or other service providers used by Adavale. All of the mentioned business factors could have a material adverse effect on the results of the operations or the financial condition of Adavale.

6. Additional Information

This Offer Booklet and the Entitlement and Acceptance Form ("**Information**") have been prepared by Adavale.

You should read this Information carefully and in its entirety before deciding to invest in New Share. In particular you should consider the risk factors referred to in the "Risk Factors" Section 5 of this Offer Booklet that could affect the performance of Adavale or the value of an investment in Adavale.

The past performance of Adavale, and the past Share price of Adavale should not be relied upon as this is not an indication of future performance.

6.1 Nominees and Custodians

Nominees and custodians (which hold Shares) should consider carefully the contents of this Offer Booklet and note in particular that the Offer is not available to Ineligible Foreign Shareholders.

Adavale is not required to determine whether or not any Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares or Entitlements. Where any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. Adavale is not able to advise on foreign laws. Nominees and custodians may not distribute any part of this Offer Booklet in the United States or in any other country outside Australia and New Zealand, except to beneficial shareholders who are institutional investors in other countries listed in, and to the extent permitted under Section 1.1 of this Offer Booklet.

6.2 Litigation

Adavale is not subject to any litigation at the present time.

6.3 No Cooling-Off Rights

Cooling-off rights do not apply to an investment in New Share. You cannot, in most circumstances, withdraw your application once it has been accepted.

6.4 Disclaimer and Forward-Looking Statements

This Offer Booklet contains certain forward-looking statements. The words "anticipate", "believe", "except", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Adavale, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements. You should not place undue reliance on forward-looking statements and neither Adavale nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.

To the maximum extent permitted by law, Adavale and its officers, employees, agents, associates and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information or likelihood of fulfilment of any forward looking statements (including, without limitation, liability for negligence).

Please refer to Section 5 ("**Risk Factors**") of this Offer Booklet for a summary of certain risk factors which may affect Adavale when considering this information. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. An investment in New Share is subject to investment and other known and unknown risks, some of which are beyond the control of Adavale.

Adavale does not guarantee any particular rate of return or the performance of Adavale nor does it guarantee the repayment of capital from Adavale or any particular tax treatment.

6.5 Governing Law

This Offer Booklet and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law of New South Wales, Australia. Each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6.6 Other interests

Persons holding rights or interests in relation to Shares (such as options to subscribe for Shares), will not be entitled to participate in the Offer in respect of those rights or interests unless they have become entitled to exercise their right or interest under the terms of their issue and do so such that they become the holder of Shares and an Eligible Shareholder in respect of those Shares.

6.7 Taxation

Eligible Shareholders should be aware that there may be taxation implications of participating in the Offer. Eligible Shareholders should consult a professional taxation adviser to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. Neither Adavale, nor any of its Directors, officers, employees, agents or advisers accepts any liability or responsibility with respect to taxation consequences connected with participating in the Offer.

6.8 Alteration of terms

Adavale reserves the right, at its discretion, to vary all or part of the Offer at any time, subject to the Corporations Act and ASX Listing Rules and any other law or regulation to which Adavale is subject.

6.9 Underwriting

Adavale has entered into an underwriting agreement with the Underwriter dated 16/07/2020 (**Underwriting Agreement**), pursuant to which the Underwriter has agreed to underwrite the Offer by procuring Applications for any New Shares that are not subscribed for by Eligible Shareholders pursuant to the Offer.

Adavale has agreed to pay the Underwriter the following fees:

- a management fee of \$17,199.44;
- an AFSL fee of \$17,199.44;
- a capital raising fee equal to four (4%) per centum of the funds raised pursuant to the Offer or introduced by the Underwriter;
- a Consulting Fee of \$5,000 per month (exc. GST) as and from 14 July 2020 until 13 July 2021

In addition to the above fees, upon completion of the Offer, the Underwriter will be issued with 40million Options on the Option Terms.

If the Underwriter assists in any further transactions by Adavale outside the Offer during its it will receive a commission equal to five per centum (5%) of the total consideration in the form of Shares to be issued at \$0.01 per share with one free Option on the Option Terms.

The Underwriting Agreement contains representations, warranties, indemnities and undertakings in favour of the Underwriter that are not unusual for an underwriting arrangement of this sort. In particular, the Underwriting Agreement contains various representations and warranties by Adavale relating to Adavale and its business, including information provided to the Underwriter and disclosed to the ASX. The Underwriting Agreement also imposes various obligations on Adavale, including the “to do” certain things, including providing certain notices to the Underwriter and the ASX within prescribed periods. The

Underwriting Agreement also places certain restrictions on Adavale in relation to the issue of Shares by Adavale for a period of three months from the date of the Underwriting Agreement.

The obligation of the Underwriter to underwrite the Offer are conditional on customary conditions including, amongst others, the dispatch of this Offer Booklet and certain events not occurring during the Offer Period.

If certain events occur, the Underwriter has the right to terminate the Underwriting Agreement. In summary, these include:

- (a) events or circumstances which will or are likely to have a material adverse effect on the Offer, the Underwriter, or Adavale, including any of the all ordinances index or the Standard and Poors/ASX 200 Index being 7.5% or more below its respective level as at the close of trading on the trading day prior to the date of the Underwriting Agreement;
- (b) Adavale defaults on certain terms, conditions, covenants or undertakings of the Underwriting Agreement;
- (c) a suspension, disruption or material limitation in trading generally on ASX or in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom or the United States of America;
- (d) certain force majeure events occurring that affect Adavale's business or any obligation of Adavale under the Underwriting Agreement and lasting in excess of 7 days;
- (e) insolvency or similar event occurs in respect of Adavale;
- (f) any person is appointed under legislations to investigate the affairs of Adavale;
- (g) there is an outbreak of hostilities or a material escalation of hostilities (including a terrorist act or any diplomatic, military, commercial or political establishment) involving one or more of Australia, New Zealand, the United Kingdom, the United States of America;
- (h) a contravention by Adavale of its Constitution, the Corporations Act or the Listing Rules or any other applicable legislation, policy or requirement of ASIC or ASX;
- (i) certain litigation, arbitration, administrative or industrial proceedings are commenced or threatened against Adavale;
- (j) there is a change in the composition of the Board or a change in the senior management of Adavale before completion of the Offer, without the prior written consent of the Underwriter;
- (k) a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to Adavale;
- (l) there is a delay in any specified date in the timetable which is greater than 7 days;
- (m) Adavale alters its capital structure in any manner not contemplated by this Offer Booklet; or
- (n) Adavale has made certain misrepresentations, or engaged in misleading or deceptive conduct, including in respect of the Offer and this Offer Booklet.

6.10 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by Adavale, or its related bodies corporate in connection with the Offer. Except as required by law, and only to the extent so required:

- None of Adavale, or any other person, warrants or guarantees the future performance of Adavale or any return on any investment made pursuant to the Offer Booklet; and

- Adavale, its officers, employees and advisers disclaim all liability that may otherwise arise due to the Offer Booklet being inaccurate or incomplete in any respect.

7. Glossary

\$ or Dollars	means dollars in Australian currency (unless otherwise stated).
Additional Shares	has the meaning set out in Section 3.3 herein.
AEDT	means Australian Eastern Standard Time.
Application	means an application for New Share pursuant to this Offer Booklet and the term Applicant means a person who has submitted an Application.
Application Monies	means the aggregate amount of money payable for New Share applied for calculated by multiplying A\$0.01 by the number of New Share subscribed for.
ASIC	means the Australian Securities and Investments Commission.
ASTC	means ASX Settlement Pty Ltd ACN 008 504 532.
ASX	means the Australian Securities Exchange.
ASX Limited	ASX Limited ACN 008 624 691.
Attaching Option	means a free Option on the Option Terms to be issued with each New Share
Board	means the Directors as at the date of this Offer Booklet.
CHESS	means Clearing House Electronic Sub-register System of ASTC.
Closing Date	means 5:00pm AEDT time on the date specified in the timetable set out on page 6 of this Offer Booklet or such other date as may be determined by the Directors.
Company or Adavale Corporations Act	means Adavale Resources Limited ABN 96 008 719 015.
Directors	means the <i>Corporations Act 2001</i> (Cth).
Eligible Shareholder	means the directors of Adavale.
Entitlement and Acceptance Form	has the meaning set out in Section 4.1.
Entitlement or Entitlements	means the form accompanying this Offer Booklet which sets out the entitlements of Eligible Shareholders under the Offer.
Ineligible Foreign Shareholder	means the non-renounceable entitlement for Eligible Shareholders to subscribe for New Share on the basis of One (1) New Share for every one (1) Share held on the Record Date.
Issue Price	any Shareholder who has a Registered Address outside Australia or New Zealand.
Listing Rules	means A\$0.01 per New Share.
New Share or New Share	means the official listing rules of ASX Limited, as amended from time to time.
Offer or Entitlement Offer	means a new fully paid share in the capital of Adavale to be issued pursuant to the Offer.
Offer Booklet	means the entitlement offer for New Share set out in this Offer Booklet.
Option	means this offer booklet dated 20/7/2020 and includes any amended or replacement summary document.
Option Terms	means an option to acquire a Share in the Adavale on the Option Terms
	means the terms of the Option as set out in clause 3.13 herein

Record Date	means 5.00pm AEDT on the date specified in the timetable set out on page 6 of this Offer Booklet.
Registered Address	means, in respect of a Shareholder, the address that is recorded in Adavale's share register as being the address for the Shareholder.
Regulation S	means Regulation S promulgated under the US Securities Act.
Share Registry	means Computershare Investor Services Pty Limited ACN 078 279 277.
Shareholder	means a holder of a Share.
Share or Shares	means a fully paid ordinary share in the capital of Adavale.
Shortfall	means the extent to which Eligible Shareholders do not subscribe for New Share pursuant to the Offer.
Shortfall Offer	means the offer to Eligible Shareholders to subscribe for Additional Shares in excess of their Entitlement in accordance with Section 3.3 herein.
Underwriter	means CoPeak Corporate Pty Ltd ACN 632 277 144 as the Trustee for Peak Asset Management Unit Trust ABN 81 891 265 739 being an authorised representative (ARN 1249050) of Equity Underwriters Pty Ltd ABN 61 056 617 862 (AFSL No. 244040)
Underwriting Agreement	means the underwriting agreement between the Underwriter and Adavale dated 16/07/2020, as summarised in Section 6.9.
US Person	means, among other things and subject to certain exceptions: (i) any natural person resident in the US, (ii) any partnership, corporation or other entity organised or incorporated in the US, (iii) any trust of which any trustee is a US person, (iv) any agency or branch of a foreign entity located in the US, (v) any account held by a dealer or other fiduciary that either is organised, incorporated or resident in the US or holds for the benefit or account of a US Person, or (vi) any partnership or corporation that is organised or incorporated in a foreign jurisdiction by a US person principally for the purpose of investing in securities not registered under the US Securities Act.
US Securities Act	means the United States Securities Act of 1933, as amended.
Voting Power	has the meaning given to that term in the Corporations Act.

8. Corporate Directory

Board of Directors

Louis Clinton
Gary Stewart
George Karantzias

Registered Office in Australia

C/- Cabel Partners
1 James Place
NORTH SYDNEY NSW 2060

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
SYDNEY NSW 2000

Auditors

HLB Mann Judd (WA Partnership) ABN 22 193
232 714
Level 4, 130 Stirling Street
PERTH WA

Lawyers

Piper Alderman
Level 23 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000