

25 JANUARY 2021



KABANGA NICKEL DEPOSIT TO BE DEVELOPED AND WHAT IT MEANS FOR ADAVALE

- Kabanga Nickel Limited (previously LZ Nickel) to develop the Kabanga Nickel Project at a cost of 'US\$664m
- Special Mining Licence (SML) will be granted as per Framework Agreement (FA) signed with government.
- FA also includes In-country refining of Class 1 nickel with cobalt and copper co-products
- Associated infrastructure will significantly benefit economics of future discoveries
- Further evidence of the improved climate for foreign investment in Tanzanian resource sector

Adavale Resources Limited ("Adavale" and or "Company") (ASX: ADD) is pleased to provide an update to shareholders on the development of the Kabanga Nickel Deposit, the world's largest undeveloped high-grade nickel sulphide deposits and its relevance to Adavale's growing suite of nickel sulphide exploration assets.

Agreement Details

As recently announced through media and resource news organisations, Kabanga Nickel have signed a binding Framework Agreement (FA) with the Government of Tanzania (GOT) for the development of the Kabanga nickel deposit. Under the FA terms, a joint stock company called Tembo (owned 84% by Kabanga Nickel and 16% by GOT) has been formally established for the mining, processing and refining of Class 1 nickel with cobalt and copper co-products.

Mineral Economic Implications for Adavale

Development of the Kabanga Nickel Deposit will bring infrastructure improvements to the area, along with the establishment of goods and service providers to support all aspects of the project including mining, processing and refining. With this level of infrastructure established, feasibility studies for the development of any nickel

ASX: ADD

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CFO

JULIAN ROCKETT
LEGAL & COMPANY SECRETARY

ISSUED CAPITAL

Shares: 285.5 million
Unlisted options: 17.5 million

ABOUT ADAVALE

Adavale Resources is an ASX-listed exploration company targeting projects in the 'battery materials' space. The company is currently focussed on its 100% owned Kabanga Jirani Nickel Project adjacent and along strike from the world's largest undeveloped nickel sulphide resource.

MORE INFORMATION adavaleresources.com

CONTACT

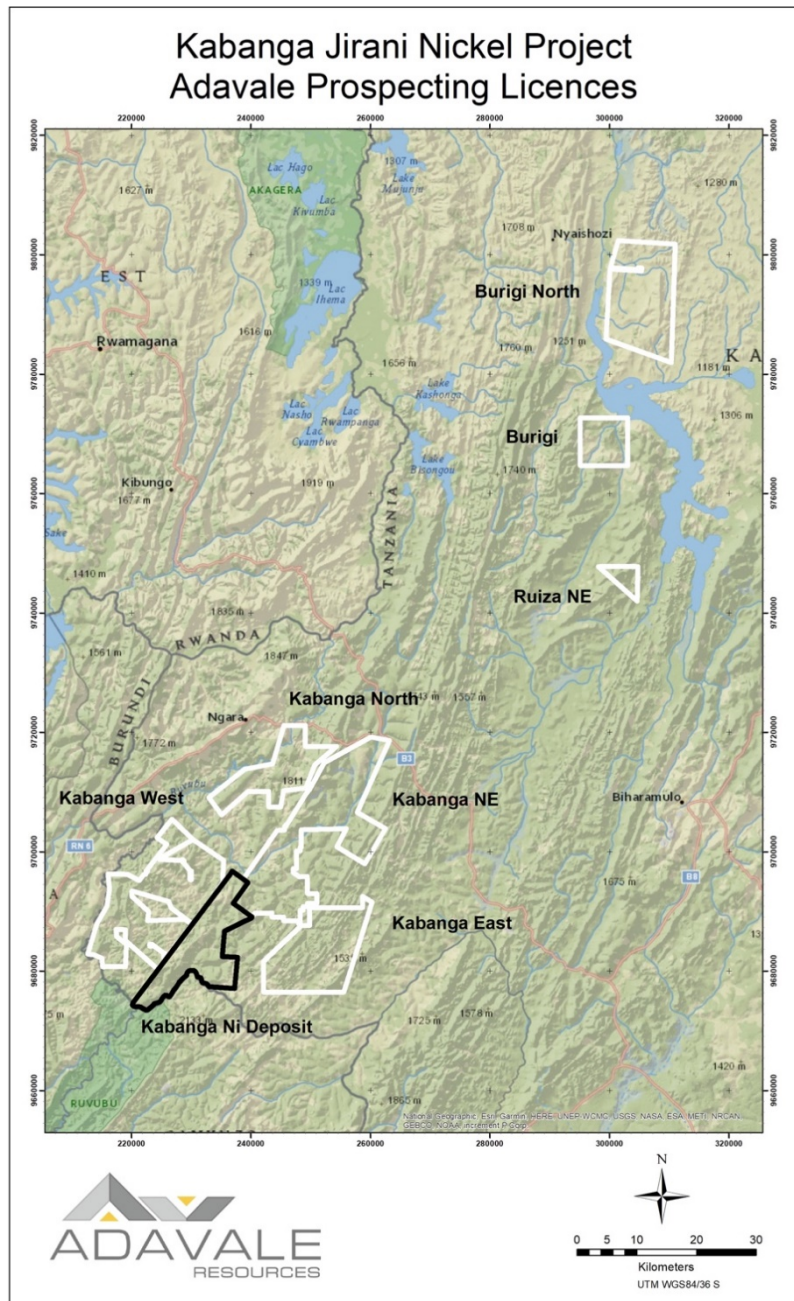
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sulphide discoveries in the region are likely to benefit substantially in terms of cost reductions.

Should this occur then Adavale would anticipate real capital cost reductions from

- introduction of relevant infrastructure; and
- operating cost reductions; and
- relevant investors and skilled workers to be drawn to this region.



Adavale's tenure locations neighbouring the Kabanga Nickel Deposit

Adavale CEO Allan Ritchie commented, “It is exciting to see Tanzania’s mining sector gaining momentum given President Magufuli’s push to remove investment hurdles and his encouragement of large-scale foreign investment. The development of the Kabanga Nickel Project to an operating mine, along with a commitment to refine in-country with all the associated infrastructure in place will make nickel the largest industry in the Kagera Region. This will deliver economic benefit to stakeholders locally, regionally and nationally and with Adavale’s neighbouring licences to the north, east and west of the Kabanga Nickel Deposit, the Company is well positioned. This news only strengthens the confidence of the Adavale Board and Management who during the past five months have positioned the Company as the premier explorer for nickel sulphide in Kagera Region; exploring for the right metal, in the right location and at the right time.”

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

For further information please contact investor@adavaleresources.com

Forward looking statements

This document contains forward looking statements and assumptions concerning Adavale. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company’s actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Adavale’s beliefs, opinions and estimates of Adavale as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments. Although management believes that the assumptions made by the Company and the expectations represented by such information are reasonable and even likely shared by other nickel sulphide explorers in the region, there can be no assurance that the forward-looking information will prove to be accurate. Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of nickel, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company’s publicly filed documents. Readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. No representation, warranty or undertaking, express or implied, is given or made by the Company that the occurrence of the events expressed or implied in any forward- looking statements in this presentation will actually occur.

1. As published in the daily “Tanzania Perspective” dated 20 January 2021, titled “Tanzania, UK firm ink US\$664m deal to develop nickel project”

About Adavale Resources’ Kabanga Jirani Nickel Project

Adavale Resources Limited (ASX:ADD) is a nickel sulphide exploration company and holds the Kabanga Jirani Nickel Project a portfolio of highly prospective licences, covering over 1,120km² surrounding and proximal to the world class Kabanga Nickel Deposit (58Mt @ 2.62% Ni) and located along the Karagwe-Ankolean belt in Tanzania. Adavale’s licences were selected based on their strong geochemical and geophysical signatures from previous exploration undertaken by BHP Billiton. Adavale also holds three exploration licences within part of the highly prospective sedimentary uranium province within the northern part of the Lake Frome Embayment.