

22 April 2021



**March 2021 Quarterly Activities Report**  
**Singularly Focused on Q2 Drilling Preparations**

**Highlights**

- Next phase exploration activities on schedule
- June Maiden Drill Program on schedule
- 9,280 In-fill soil samples now taken
- In-fill soil sampling has successfully identified coincident Ni and Cu anomalies
- Ultramafic Intrusion Hosting Disseminated Sulphides Identified at Kabanga NE
- Maiden drilling contract awarded to Bamboo Rock
- Fifteen discrete geophysical targets identified from BHP electromagnetic (EM) and airborne magnetic data.
- EM and NSAMT consultants engaged to conduct follow up work on geochemical and geophysical targets.
- New Tanzanian President, H.E. Samia Hassan sworn-in, bringing many positive initiatives including renewed focus on foreign mining investment
- Adavale neighbour, Kabanga Nickel to spend US\$664m on mine development, infrastructure and Class1 refinery

**Adavale Resources (ASX: ADD) is pleased to report on a quarter focused on preparation for the Company's maiden drilling program in its quest to discover a repeat Kabanga Nickel Deposit on its highly prospective tenements in the Kagera Nickel Belt, Tanzania, East Africa.**

**Adavale CEO Allan Ritchie commented:** "There's a lot of excitement internally with the entire team laser focussed on final preparations to commence drilling in June. I will admit that at times we have felt some pressure to fast-track a few holes in certain targets, but our mantra has always been to maintain methodical integrity and stick to the plan. Recently identified targets have validated approach, not least of all, the discovery of the ultramafic intrusion at Kabanga North East.

"The BHP data has already proven invaluable in saving us a lot of cost, time and efficiency, given the size of our land holding. To think we have only spent approx. \$400K on exploration this quarter and have so much to show for it is a real testament to our team, both here and in Tanzania, executing a well thought out strategy. We look forward to delivering solid shareholder value!"

**ASX: ADD**

**DIRECTORS**

**GRANT PIERCE**  
CHAIRMAN

**ALLAN RITCHIE**  
CEO

**STEVEN GEORGIADIS**  
DIRECTOR

**ROD CHITTENDEN**  
DIRECTOR

**GEOFF BRAYSHAW**  
CFO

**JULIAN ROCKETT**  
LEGAL & COMPANY SECRETARY

**ISSUED CAPITAL**

Shares: 286.8 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](http://adavaleresources.com)

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## Exploration Updates

- Targets were identified from the December 2020 regional sampling program and infill sampling was then conducted on a 400m line spacing and 50m station spacing.
- Infill sampling grids completed at Kabanga North and close to completion at Kabanga NE.
- Sampling grids that have been completed enabled the identification of several coincident Ni and Cu anomalies (five so far at Kabanga NE).
- Field follow up of a coincident Ni and Cu anomaly at Kabanga NE resulted in the identification of an outcropping ultramafic intrusion hosting disseminated sulphides
- Geophysicist Gavin Selfe appointed to interpret BHP data with 15 geophysical targets identified.
- AMT surveys designed to follow up on 15 geophysical targets (many of which were coincident with geophysical targets) as well as 3 geochemical targets that were not coincident with geophysical targets.
- Geophysical Surveys and Systems were appointed to conduct the AMT surveys.
- Whilst AMT survey is still ongoing targets will be selected and followed-up with ground EM leading to drill ready targets. Gavin Selfe will oversee the QAQC and interpretation of the EM surveys.

## Technical Summary

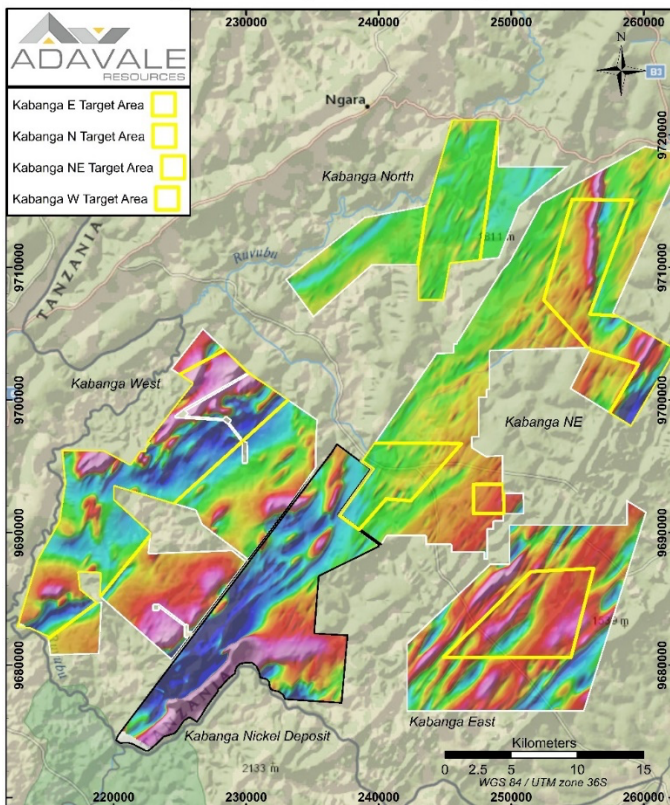
- Within the Kabanga Nickel Deposit the northern ore body is a steeply dipping tabular body associated with a subvertical ultramafic pipe and has a strike of several hundred metres whilst the Southern ore body has a strike of approximately 650m and is associated with an ultramafic sill that extends for several kilometres.
- Following the recent identification of an outcropping ultramafic intrusion hosting disseminated sulphides at Kabanga NE, exploration will be aimed at locating similar ultramafic intrusions and associated mineralisation. Sills and intrusions within the Kibaran Belt are generally conformable to the sediments which have a NE-SW strike and frequently exploit thrust planes and fissile shaly layers adjacent to quartzite layers although, as is the case in the northern ore body of the Kabanga Nickel Deposit. The intrusions may be in the form of subvertical pipes/chonoliths and therefore have a fairly small surface exposure.
- The work program implemented by Adavale will assist in the identification of the host ultramafic intrusions and ultimately any mineralisation that may be associated with them. Exploration work started with a relatively broad spaced sampling program, with a line spacing of 1km and a station spacing of 500m. The objective of this program was to see if geochemical signatures could be obtained that may indicate the presence of underlying ultramafic rocks and to determine how well this data corresponds to favourable geophysical features. Preliminary targets for the subsequent infill soil sampling program currently underway have already been determined based on geophysical data but has been refined based on the recently acquired soil geochemical data derived from the reconnaissance soil sampling program which is described below.

## Phase 1 Regional Soil Sampling

Regional soil sampling in December 2020 has enabled the identification of the target areas outlined in yellow below.

### Kabanga Jirani Nickel Project Kabanga NE Prospecting Licence

Geophysical EM/Mag Targets On Aeromagnetics



Location of Regional Soil Anomalies (Outlined in Yellow)

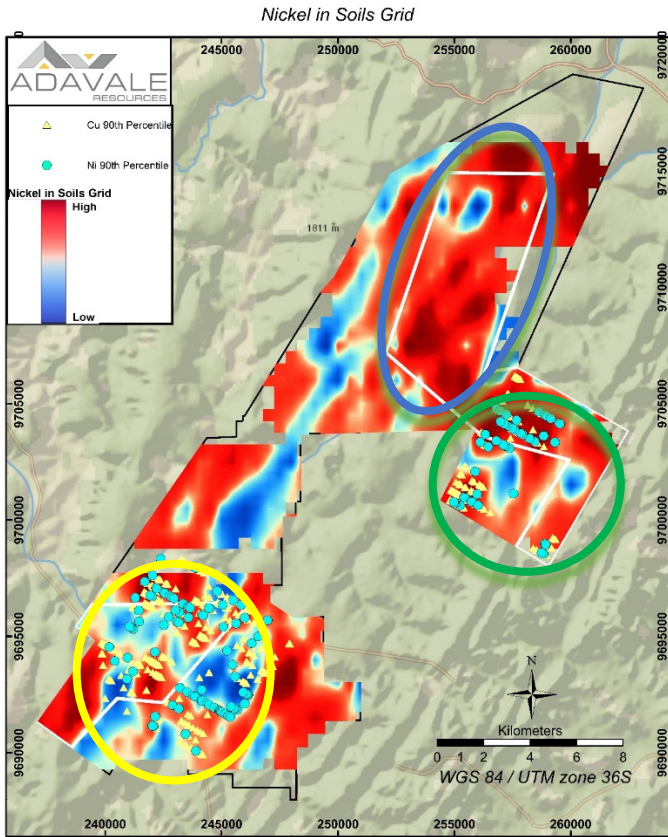
## Phase 2 Soil Sampling and Identification of Outcropping Ultramafic Intrusion Hosting Disseminated Sulphides

Adavale's announcement dated 4 March 2021 identified two (2) sampling grids within the Kabanga NE licence. The northern target has in turn been divided into two (2) with the southern part, now including the square licence area circled in green below. The remainder of this target (outlined in blue) is currently being sampled. The second sampling grid is circled in yellow.

For both grids (the ones circled in green and yellow) soil samples were collected on a 50m x 400m grid orientated perpendicular to the regional NE-SW strike, from the B soil horizon of insitu residual soils. A sieved sample was analysed using an Olympus Delta Premium portable XRF Analyser. The samples were dried and analysed through the sample bag at 3 different spots for 75 seconds per spot. The final result used was the mean of the 3 spots analysed.

Rigorous QAQC procedures were applied to monitor pXRF performance including insertion of 15% standards and 15% blanks and results are shown to be satisfactory with all analyses of standards plotting within two standard deviations. 10% of the samples will be submitted to a laboratory and these will include 15% standards, blanks and duplicates.

## Kabanga Jirani Nickel Project Kabanga NE Prospecting Licence



Sampling of the southern part of the northern grid (area of the green circle) has resulted in the collection of 2,104 samples, including QAQC samples. Results show three (3) areas of broadly coincident elevated Ni and Cu as shown in the images below (circled in white). To identify distinct anomalies within this zone of elevated values a threshold of the 90th percentile was used for both Cu and Ni and these anomalous samples are illustrated below:





## Kabanga Jirani Nickel Project Kabanga NE Prospecting Licence

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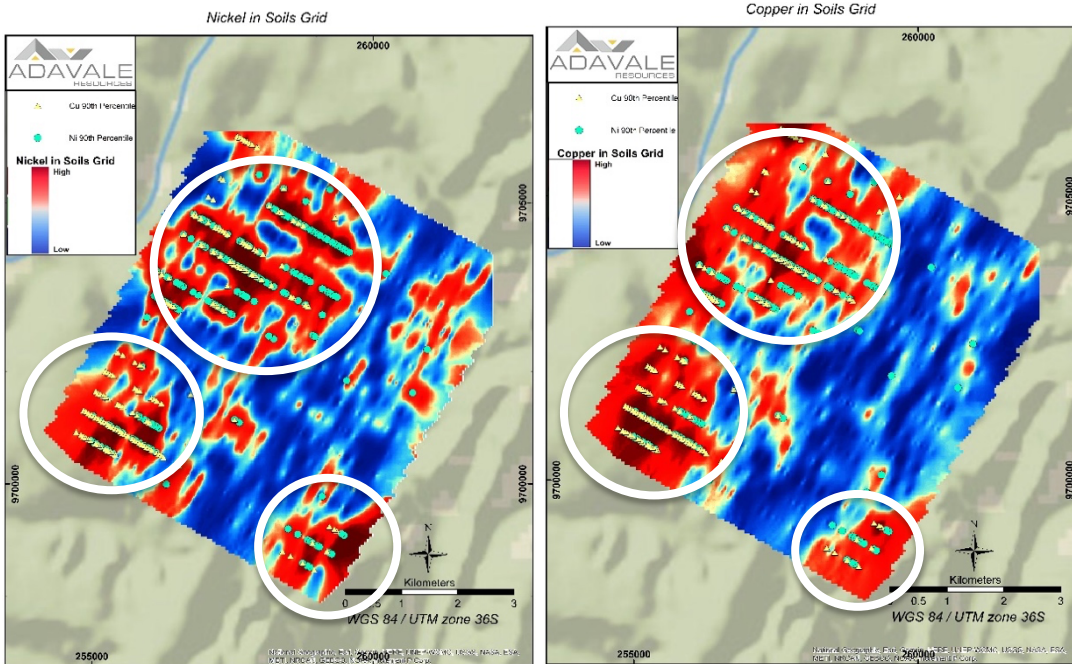
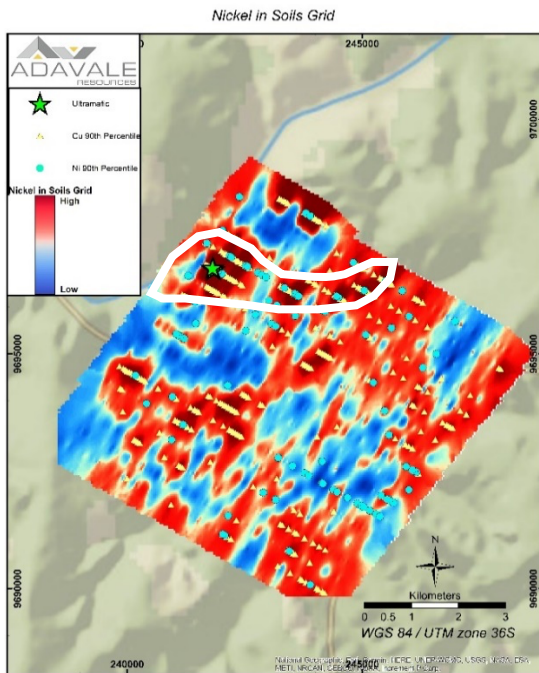


Image Showing kriged Ni values (on the left) and kriged Cu values on the right overlain with Nickel (green) and copper (yellow) samples that exceed the 90<sup>th</sup> percentile

The infill sampling in the southern portion of the Kabanga NE licence has enabled the identification of anomalous Ni and Cu values in the NW portion of the sampling grid as shown in the two images below. Values of Ni and Cu that exceed the 90<sup>th</sup> percentile are shown below in blue for Ni and yellow for Cu with the image on the left showing the gridded Ni values and the image the gridded Cu values. The areas of anomalous Ni and Cu values are outlined in white.

## Kabanga Jirani Nickel Project Kabanga NE Prospecting Licence



## Kabanga Jirani Nickel Project Kabanga NE Prospecting Licence

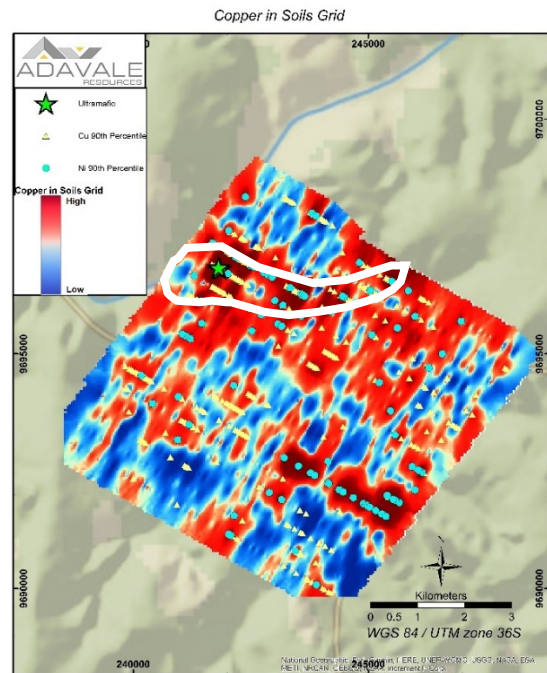


Image showing Nickel values derived from infill soil sampling on the left and Cu values derived from infill soil sampling on the right.

The area of anomalous values was field checked and an ultramafic intrusion hosting disseminated sulphides was identified. The identification of sulphides is based on field observations in the weathered profile and will be verified through thin-section descriptions and laboratory analyses. This spot is indicated by the green star in the images above. The host rock returned pXRF Ni values in the range of 1000 to 1500ppm and up to 1.7% S and has been submitted for assay, thin section and polished section descriptions. Photographs of the intrusion are shown below:



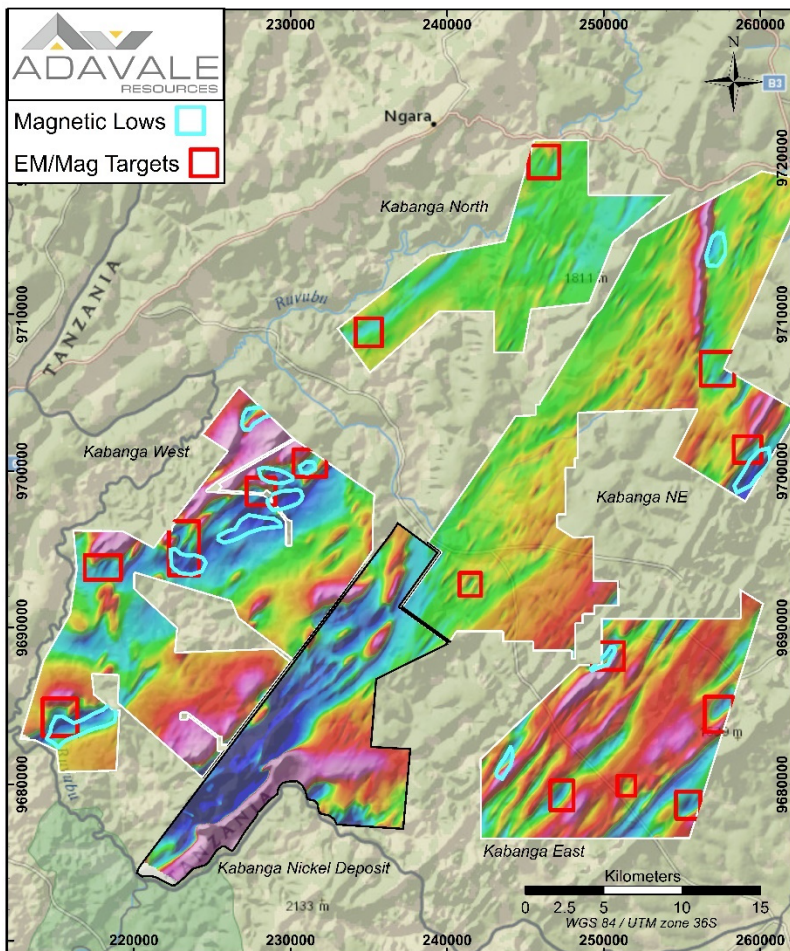


## Identification of Fifteen Discrete Geophysical Targets

Adavale's recent announcement dated (25<sup>th</sup> March) mentioned the appointment of geophysicist Gavin Selfe. Gavin has reviewed the BHP EM and magnetic data and identified fifteen discrete geophysical targets as shown below. The blue outlines are around the more obvious magnetic lows whilst the red squares denote areas that also take the conductivity identified from the BHP EM data into account.

## Kabanga Jirani Nickel Project Kabanga NE Prospecting Licence

*Geophysical EM/Mag Targets On Aeromagnetics*



*Image showing the more obvious magnetic lows in blue and the targets identified from the BHP EM and magnetic data shown as red squares.*

The initial evaluation of the BHP data had resulted in the identification of broad targets but Gavin's review has resulted in the identification of more discrete targets which can be followed up quickly with geochemistry and provide focussed targets for further geophysical studies.

## NSAMT Survey

Natural Source Audio-Frequency Magnetotellurics (NSAMT) involves the measurement of electromagnetic fields that are generated by natural electromagnetic activity above the earth's surface enabling the calculation of ground resistivity values by measuring the magnitude of the electric and magnetic fields.

NSAMT allows geological features and zones of conductivity (and hence mineralisation) to be identified to substantial depths, typically in the order of 600 to 800m and results can be displayed in section, as depth slices or can be modelled in 3D.

NSAMT surveys have been designed to follow up on the geophysical targets (see image below which includes the phase 1 soil targets, the magnetic lows, the 15 geophysical targets as well as the planned AMT survey lines). Each target will be followed up with one or more traverses with a line spacing of 400m and a station spacing of 100m. (Soil samples will be taken across these same traverses but at a 50m spacing). The AMT survey is planned to consist of 600 stations of which 500 have been allocated to the current design and 100 will be used to follow up on any conductivity that may be detected. Some targets may still be tested later such as those in Kabanga E.

## Kabanga Jirani Nickel Project Kabanga NE Prospecting Licence

Geophysical EM/Mag Targets On Aeromagnetics

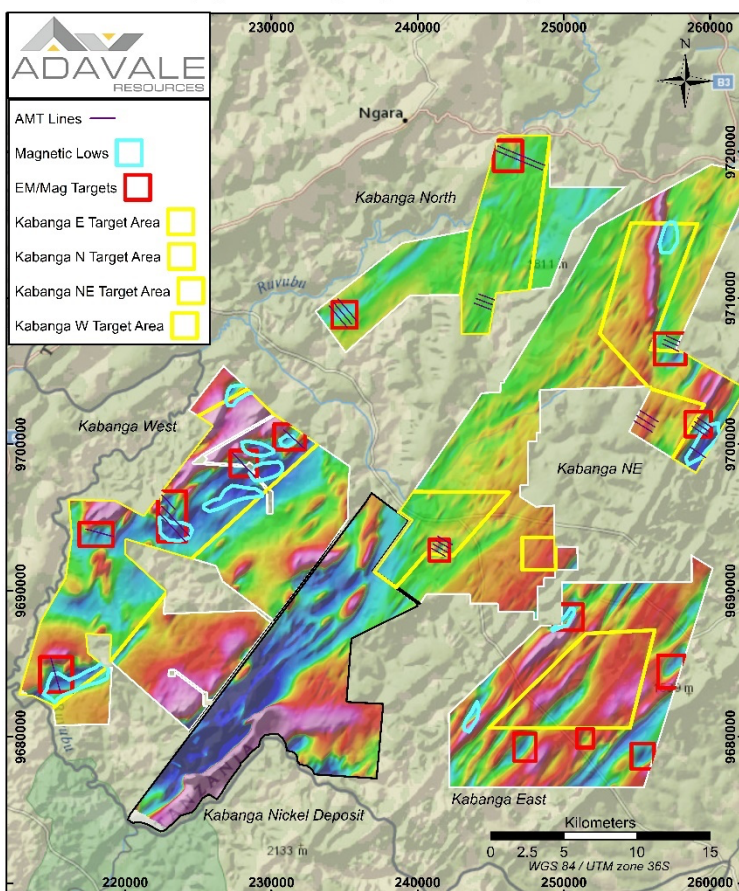


Image showing the targets generated from the regional soil sampling (in yellow); the targets generated from the BHP EM and Mag (in red); the more obvious magnetic lows (in blue) and the planned AMT lines (shown as black lines)



Geophysical Survey and Systems have been contracted to implement the NSAMT survey with a line spacing of 400m and a station spacing of 100m across fifteen geophysical targets (which in many cases coincide with geochemical targets) as well as three geochemical targets that do not have a geophysical association.

The NSAMT survey will provide data to better understand the regional geology. This data will assist in distinguishing between stratigraphic conductors caused by conductive lithologies and more discrete conductors potentially caused by mineralisation.

### **Awarded Maiden Drilling Contract after Quarter End**

Bamboo Rock Drilling Group (BR) has been awarded the maiden drilling contract for Kabanga Jirani Project drilling.

**Adavale Chairman Grant Pierce commented:** “Bamboo Rock are a seasoned African drilling contractor with a solid track record in Tanzania. Their management team are well known to the Board and we look forward to mobilisation of their rig in June. Whilst we continue to hone-in on key drill targets, we’ll be simultaneously working with Bamboo Rock management to ensure the rig starts turning on time and the program is executed with precision.”

### **Her Excellency Samia Hassan sworn in as President of Tanzania**

Following the passing of President John Pombe Magufuli, Vice President Samia Hassan was sworn in as President of the United Republic of Tanzania on Friday 19 March. Her Excellency swiftly appointed a Vice President and undertook a limited cabinet reshuffle.

Key points from President Samia Hassan policy speech include:

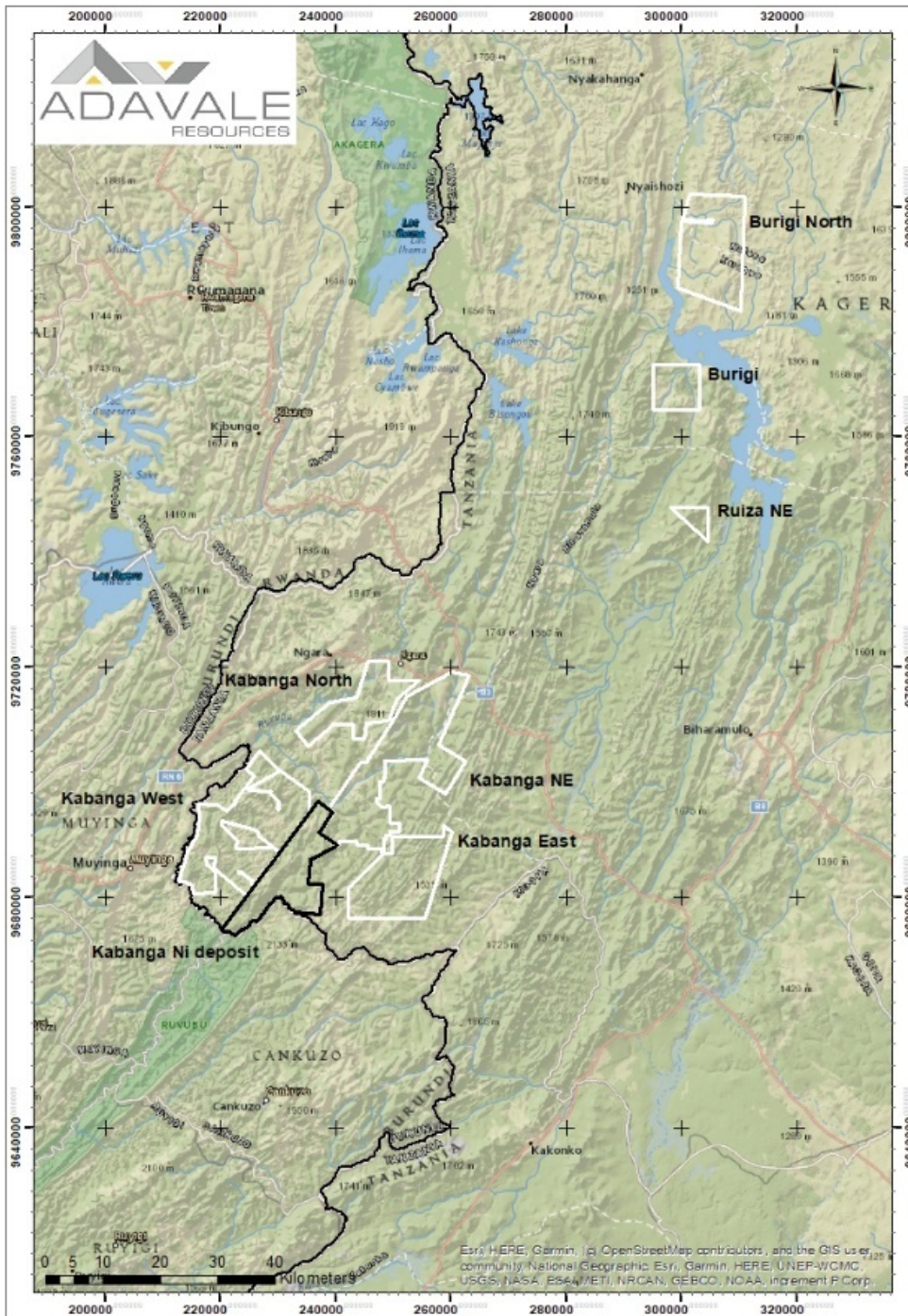
- Appointing a team of experts to advise the government on a science-based covid-19 response.
- Orders to the newly appointed Foreign Affairs Minister to mend relations with the international community quoted as saying, "We cannot go alone. We must go together (with the rest of the world)," in an official shift towards internationalism, away from an isolationist path.
- Directed government negotiation team to swiftly resolve tax and other outstanding issues with foreign mining companies to increase gold, nickel and helium investment.
- Wants officials to cut bureaucracy and improve business climate saying, “We have been paying lip service on the creation of a one-stop investment centre for 20 years, now is the time for action.”
- Wants to woo back investors by providing an enabling environment saying "We need investors more than they need us. Ordered officials to lift media bans and allow press freedom”.

### **Kabanga Nickel signs US\$664m Framework Agreement**

Kabanga Nickel signed a binding Framework Agreement (FA) with the Government of Tanzania 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. Kabanga Nickel has concluded an agreement with Barrick and Glencore and has acquired all data including the mineral resource estimation, metallurgical test work, a draft feasibility study report produced in 2014 and subsequent updates.

## Mineral Economic Implications for Adavale

This Framework Agreement has the potential to lower cut-off grades and maximise the life of any nickel mines developed and is of course an opportunity for Adavale.



MAP 1: Location of Company's 100% owned licences with only Ruiza NE under application, all in proximity to the world class Kabanga Nickel Project.

**List of licences - Nickel in Tanzania and Uranium tenements in South Australia**

Ministry ID	Area (km <sup>2</sup> )	Project Location
PL 11406/2020	298.02 km <sup>2</sup>	Kabanga Nth East, Tanzania
PL 11405/2020	113.84 km <sup>2</sup>	Kabanga North, Tanzania
PL 11538/2021	64.08 km <sup>2</sup>	Burigi, Tanzania
PL 11537/2021	194 km <sup>2</sup>	Burigi North, Tanzania
PL 16522/2020	181.74 km <sup>2</sup>	Kabanga East, Tanzania
PL 16521/2020	273.27 km <sup>2</sup>	Kabanga West, Tanzania
Under Application	19.4 km <sup>2</sup>	Ruiza North East,
EL 5892	92 km <sup>2</sup>	Lake Arthur East, Sth Aust.
EL 5893	167 km <sup>2</sup>	Lake Arthur, Sth Aust.
EL 5644	137 km <sup>2</sup>	Canegrass Swamp, Sth Aust.

**Listing Rule 4.7C.1 and 4.7C.3**

The Company has already detailed material business activities in paragraphs above, including any material activities during the quarter.

No expenditure to related parties occurred in the quarter.

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

**For further information please contact CEO Allan Ritchie at [allan@adavaleresources.com](mailto:allan@adavaleresources.com).**

**For further information on the Company and our projects please visit [www.adavaleresources.com](http://www.adavaleresources.com)**

**About Adavale**

Adavale Resources Limited (ASX:ADD) is a nickel sulphide exploration company that holds of the Kabanga Jirani Nickel Project a portfolio of highly prospective granted licences, covering over 1,120km<sup>2</sup> 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.

**Competent Persons Statement**

The information in this release that relates to "exploration results" for the Project is based on information compiled or reviewed by Mr David Dodd of MSA, South Africa. Mr Dodd is a consultant for Adavale

Resources Limited and is a member of the SACNASP. Mr Dodd has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration as well as to the activity that is being undertaking to qualify as a Competent Person under the ASX Listing Rules. Mr Dodd consents to this release in the form and context in which it appears.

### **Forward looking statements**

This document contains forward looking statements 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, 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.