16 December 2021

Adavale Discovers Significant Mafic-Ultramafic Intrusion Hosting Disseminated Sulphides

Highlights:

- **Previously unknown mafic-ultramafic intrusion identified by drill hole RCDDKNE13-07-02 at Target 7 on Adavale's Kabanga NE Licence**
- **Fine grain disseminated sulphides intersected throughout most of the drill hole (from 83m to end of hole 330.9m)**
- **Higher sulphide concentrations of ~10% intersected over two intervals between 148 to 161m and 172 to 182m and fine disseminated sulphides ranging to ~5% from 240m to 330.9m**
- **pXRF readings of the core returned readings to 1.7% Ni and MgO levels up to 24% typical of mafic-ultramafic intrusions**
- **Drill hole successfully cased in preparation for DHEM**
- **Possible connection recognised between Target 7 intersection and historical massive sulphide intersection 3km away at Luhuma, creating exciting high priority follow up work streams for 2022**
- **Mafic intrusions associated with gravity anomalies at Targets 16 and 21 also identified for follow up testing**

Adavale Resources Limited (ASX: ADD) **("Adavale"** or **"the Company")** is pleased to provide this update on exploration activities at its Kabanga Jirani Nickel Project in Tanzania.

Adavale's CEO Allan Ritchie commented, "We are very excited about the discovery of a potentially significant mafic-ultramafic intrusion at Target 7 on the Kabanga NE licence**.** This intrusion is a potential game changer for Adavale as it may be part of the same mineralising system intersected by a historic Luhuma drillhole [1]LUH06 wedged between Kabanga NE and Adavale's recently announced farm-in licences that returned 1.1% Ni over 8.4m.

The recent introduction of gravity surveying to the Company's targeting armoury and the second drill rig is beginning to pay dividends as we are seeing with the Target 7 discovery. Given Adavale's recent recapitalisation, the Company is in a very enviable position to prioritise its drilling on this discovery and on our other target rich licences."

[1] Evans, D. M., Hunt, J. P. P. M. and Simmonds, J. R., 2016. An overview of nickel mineralization in Africa with emphasis on the Mesoproterozoic East African Nickel belt (EANB). Episodes, 39/2, 319-333. DOI: 10.18814/epiiugs/2016/v39i2/95780

ADAVALE RESOURCES

ASX: ADD

DIRECTORS AND OFFICERS

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CHIEF EXECUTIVE OFFICER

DAVID RIEKIE
DIRECTOR

JOHN HICKS
DIRECTOR

LEONARD MATH
CFO & COMPANY SECRETARY

ISSUED CAPITAL
Shares: 351 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 and a contiguous Farm-in Project both adjacent and along strike from the world's largest undeveloped high grade NiS resource of 58Mt @ 2.62% Ni. Adavale is also progressing exploration on its 100% owned uranium tenements in South Australia

MORE INFORMATION
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With Competent Person Dave Dodd recently visited the site, Target 7 and the Adavale farm-in Luhuma licences, PL11692/2021 and PL11693/2021 are now a high priority for the Company. Adavale will conduct more extensive gravity surveys to define the extent of the intrusion at Target 7 and its potential extension into adjoining farm-in licence areas announced on 15 December 2021. PL11692/2021 surrounds a small 3.7km^2 licence containing the historic drill hole LUH06.

Technical Detail

Drill hole RCDDKNE13-07-02 at Target 7 on Adavale's Kabanga North East Licence (Figure 1) was collared to test a recently identified, partially defined strong gravity anomaly. From a depth of 83m to the end of hole depth at 330.9m the drill hole intersected a previously unknown mafic-ultramafic body containing fine grained, pyrrhotite dominant, disseminated sulphides over much of its length. Two zones containing more elevated concentrations (~10%) of disseminated and blebby sulphides were intersected between 148 to 161m and 172 to 182m (Figures 2 & 3) and fine disseminated sulphides ranging to ~5% from 240m to 330m.

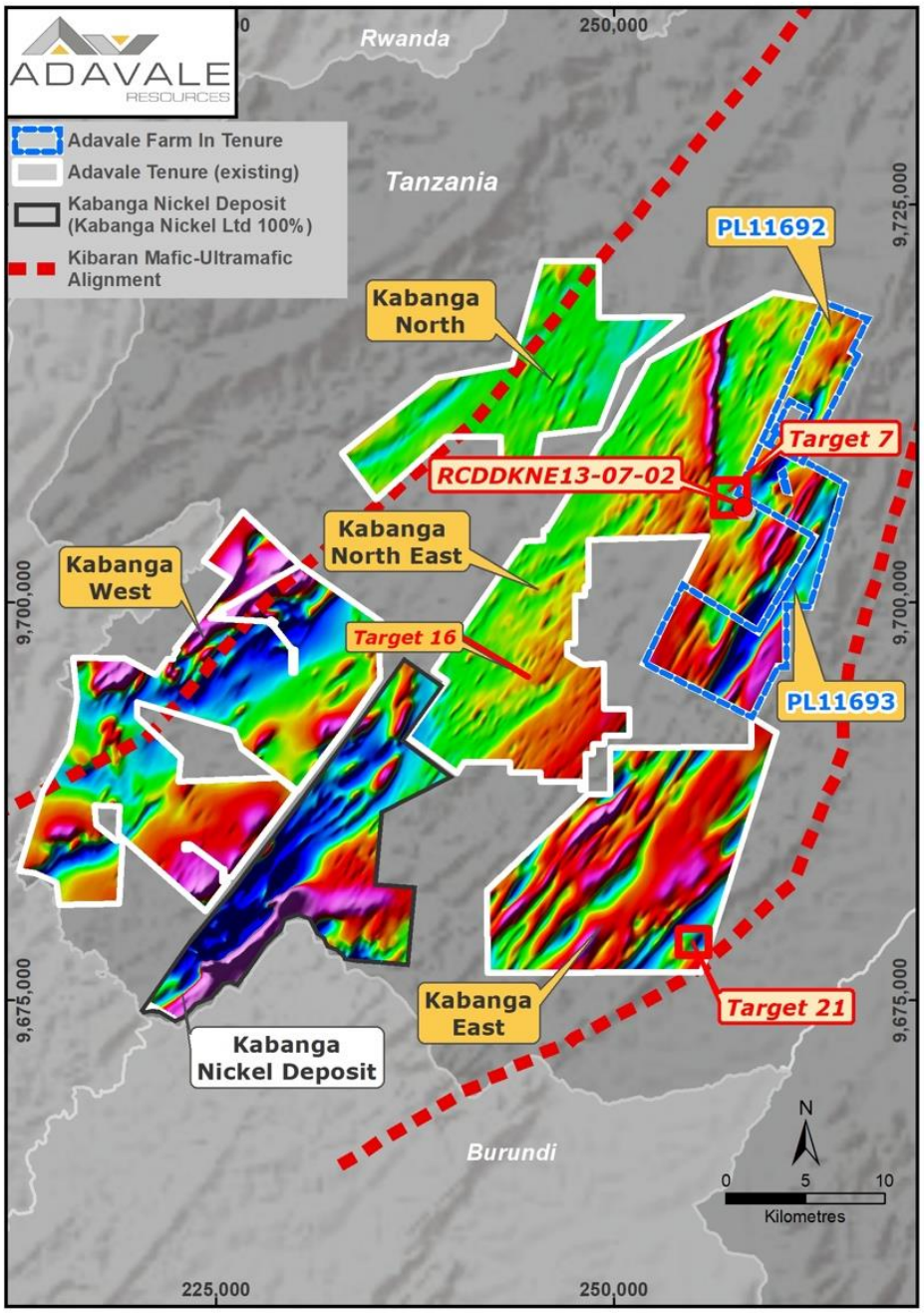


Figure 1 – Plan showing location of RCDDKNE13-07-02 at Target 7 on Kabanga NE Licence

The orientation and therefore true thickness of the mafic body is not known at this point. Therefore, at the depth of 330.9m the hole was stopped and cased in preparation for DHEM.

Visual mineralogical logging suggests the mafic body intersected by the drill hole is a medium-grained, olivine gabbro to gabbro-norite, rock types commonly associated with NiS deposits in layered mafic-ultramafic complexes. The core is locally serpentinised and strongly magnetic providing further evidence of the primitive (olivine bearing) nature of the parental magma.

Portable XRF readings performed on the drill core returned MgO values ranging on average between 10 to 24%. Nickel readings typically ranged between 500ppm to 0.9% over most of the core and an individual high reading of 1.7% Ni was recorded on a coarse blebby sulphide.

The primary aim of drill hole RCDDKNE13-07-02 was to determine if the source of the strong gravity anomaly at Target 7 was due to a mafic-ultramafic body which has been confirmed to be the case (Figure 4).

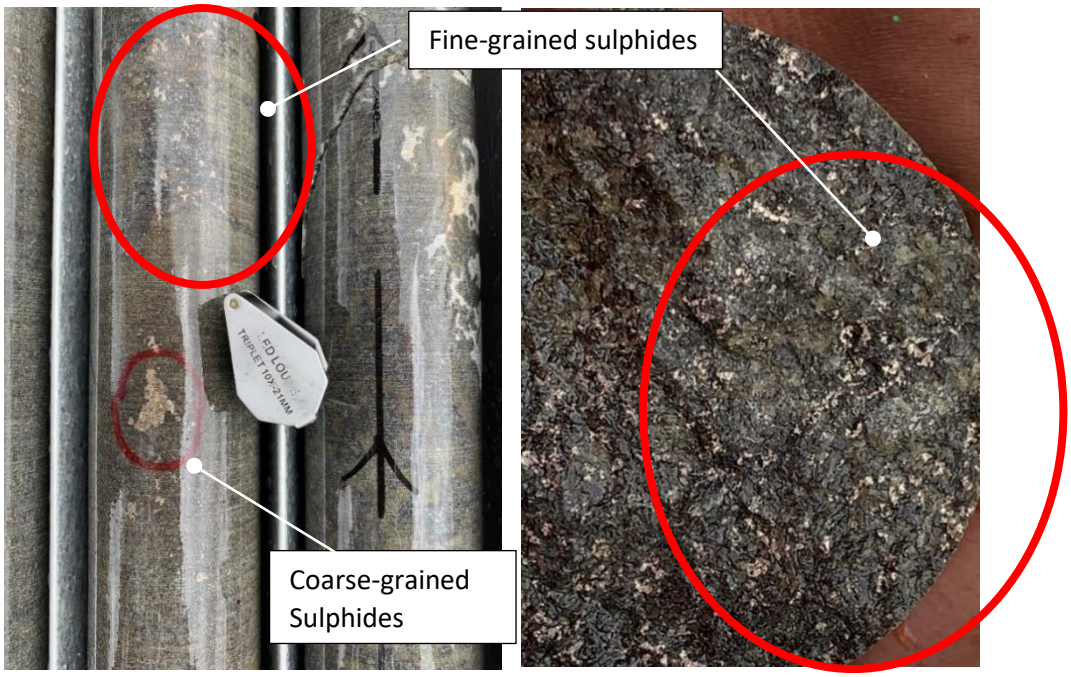


Figure 2 - Disseminated sulphides within the 148 to 161m interval on the broken face of the core and coarser sulphides between 130.2 and 132m shown on the left.

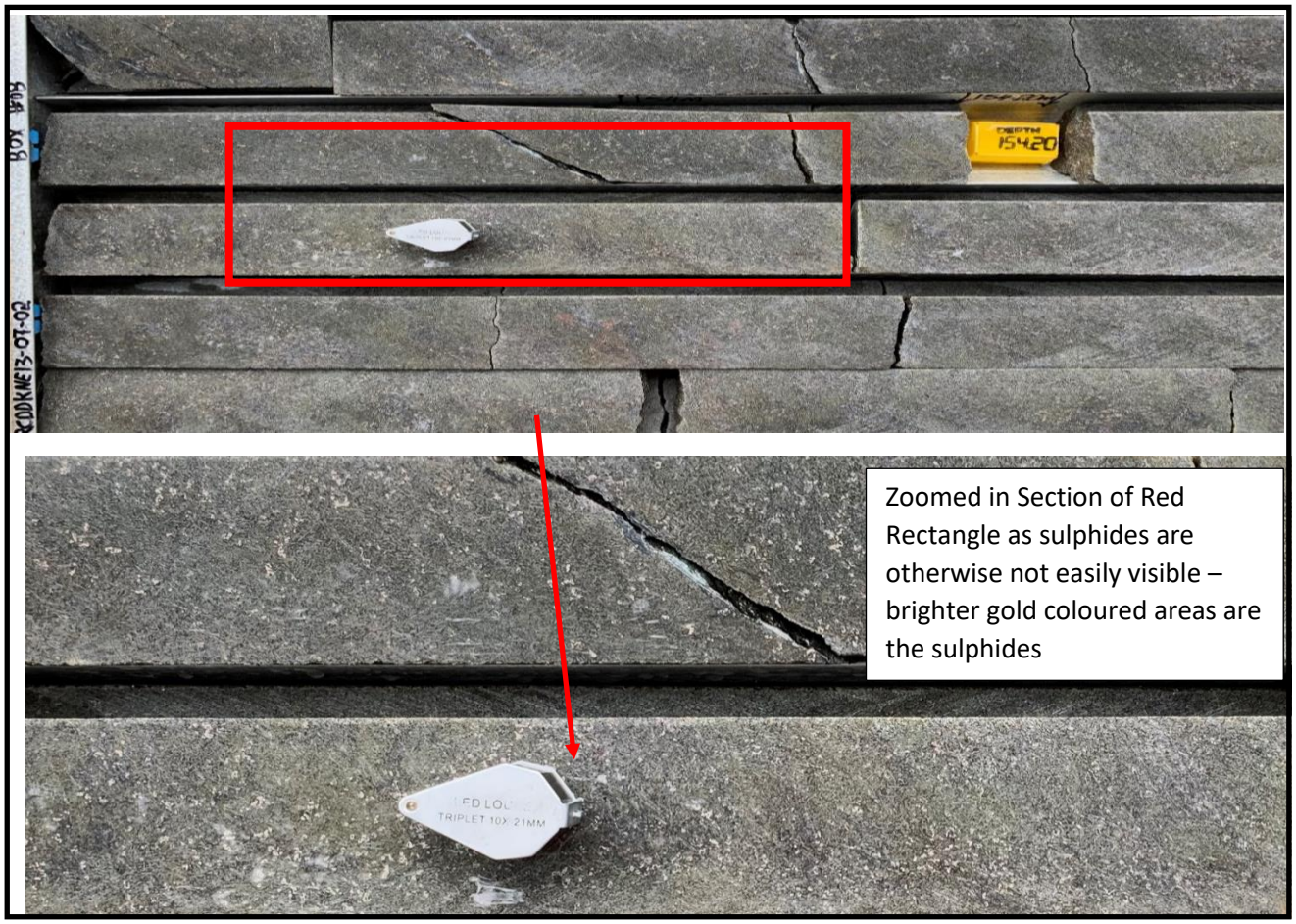


Figure 3 - Disseminated Sulphides over the 148 to 161m interval. The top image has disseminated sulphides throughout. The bottom image is zoomed in to a portion of the core to make them more visible.

Target 7 is close to the tenement boundary with ground recently acquired by Adavale through a Farm-in Agreement with Ally Mbarak Nahdi (*refer to Company ASX announcement dated 15 December 2021*). The farm-in tenement to the NE of Target 7 contains the Luhuma mafic-ultramafic intrusion, a chonolith-like body that has been identified over a strike length of 5km. An historical massive sulphide intersection of 8.4m @ 1.1% Ni is recorded in drill hole LUH06 at Luhuma. Apart from this historical intersection, little is known about the Luhuma mafic-ultramafic intrusion.

The Luhuma LUH06 intersection falls within a small 3.74km^2. Retention Licence held by the Tanzanian Government and is not part of the Adavale Farm-in Agreement. Recent work by Adavale however, including the completion of a gravity survey to the south of the Retention Licence, suggests that the mafic-ultramafic body identified at Target 7, may in fact, be an extension of the mineralised Luhuma intrusion, the southern boundary of which is located 2 to 3km to the NE of Target 7. If proven to be the case, the actual strike extent of the Luhuma intrusion would approach 8km in length.

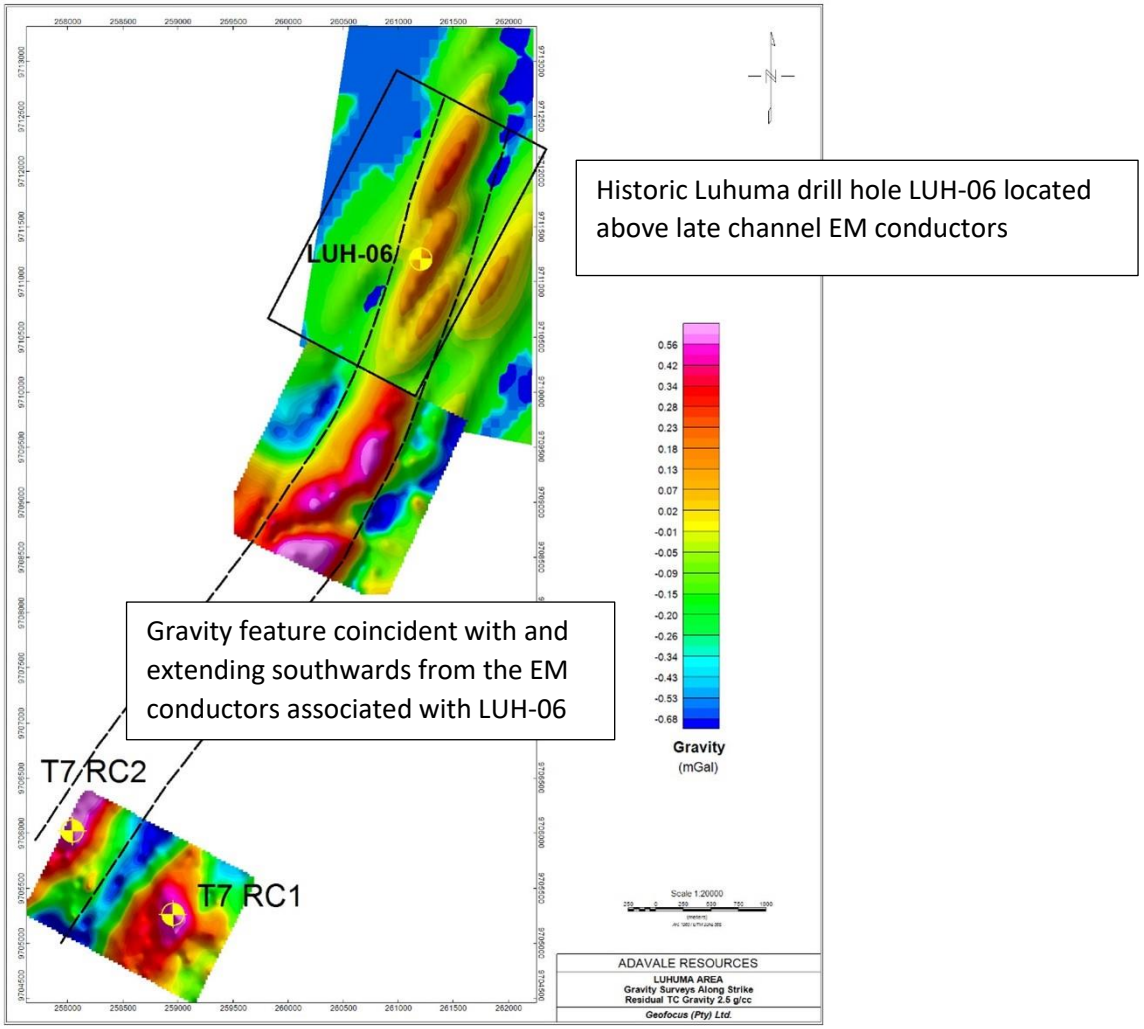


Figure 4 – Plan showing relative location between Target 7 and historic Luhuma drill hole LUH-06. Also shown is the possible strong gravity connection between Target 7 and the mineralised Luhuma intrusion

Next Steps

The discovery of a previously unknown and potentially significant (Ni anomalous) mafic-ultramafic body at Target 7 is very exciting for the Company and with the other mafic bodies recently identified at Target 16 and Target 21 will form the core, high priority target areas for ongoing exploration and evaluation by the Company in 2022.

Programs are currently being prepared to extend detail gravity and ground EM coverage about Target 7. The surveys will extend both to the SW and NE to join up with the existing gravity survey to the south of the Luhuma Retention Licence. The program aims are to better define and delineate the extent of the gravity features as well as to identify any high conductance EM anomalies that may be associated with the gravity features.

The results of these programs will be crucial to planning future drill programs in this area. However, also determining how the orientation of the mafic-ultramafic bodies below the gravity anomalies may have been affected by folding is critical to understanding where their more primitive (ultramafic) and nickel prospective basal lithologies of the bodies are likely to be located. To achieve this the Company is planning to drill several stratigraphic, orientated cored drill holes across the strong gravity features early in 2022.

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

For further information please contact investor@adavaleresources.com or visit www.adavaleresources.com

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.

pXRF Analyses

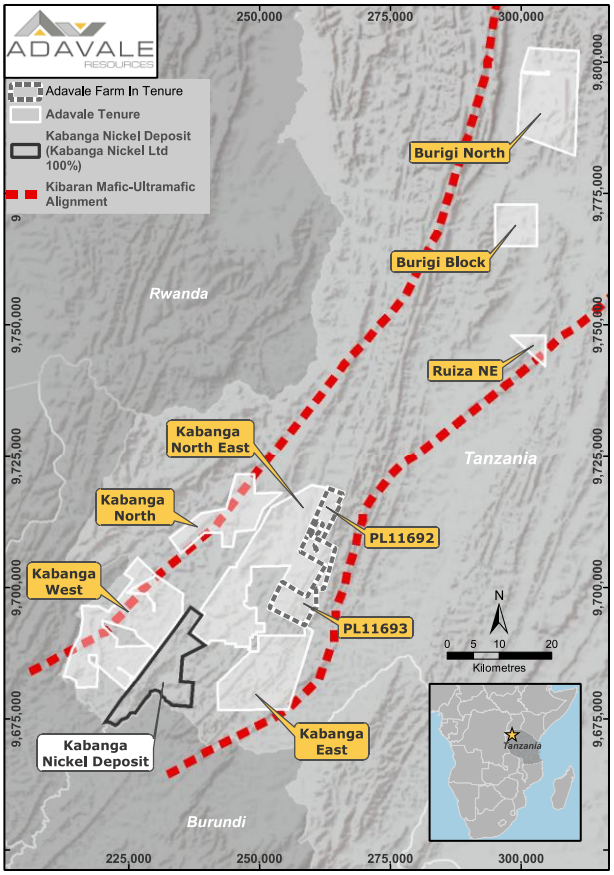
The Ni and MgO readings reported in this announcement and earlier announcements by the Company are based on hand-held (portable pXRF) and desktop XRF devices. While the Company takes every reasonable measure to ensure the reliability and accuracy of the XRF devices by regular calibration checks against certified standards and is confident of the reported values, the readings are point measurements on core or core chips and therefore may not reflect the assayed grade of the broader sampled interval.

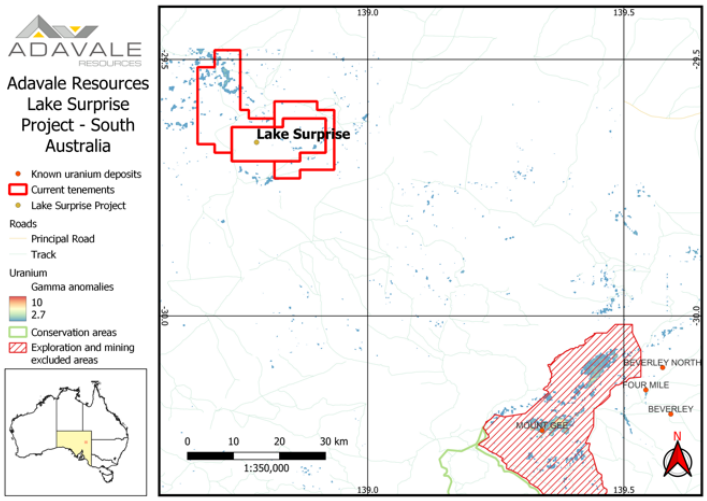
About Adavale

Adavale Resources Limited (ASX:ADD) is a nickel sulphide exploration company that holds 100% of the Kabanga Jirani Nickel Project, a portfolio of 7 highly prospective granted licences covering ~ 1,145km^2 along the Karagwe-Ankolean belt in Tanzania.

The 4 southernmost licences are proximal to the world class Kabanga Nickel Deposit (58Mt @ 2.62% Ni). Adavale has Farmed-in to 2 more highly prospective licences contiguous to our 4 southernmost licences, adding a further 99km^2 to the portfolio.

Adavale's licences were selected based on their strong geochemical and geophysical signatures from previous exploration undertaken by BHP Billiton.





Lake Surprise Project – South Australia

Adavale also holds three exploration licences for their sedimentary uranium potential within the northern part of the highly prospective Lake Frome Embayment in South Australia.

Appendix 1

Adavale Resources Limited – Maiden Diamond Drilling Programme - Kabanga Jirani Project
JORC Code Edition 2012: Table 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	To date only pXRF readings have been reported. To date only cursory analyses of select sample points has been reported from values using a hand held XRF. This sampling is not representative of the broader geological horizons and simply represents values derived from select points. The pXRF has been calibrated using the AMIS standards AMIS0315, AMIS0317, AMIS0319, AMIS0329, AMIS384 and AMIS0367. Standards used to verify quality of results measured include AMIS0317 and AMIS0315. Core samples have been taken at 1 m intervals, or by using geological contacts, the core has been split and one half has been submitted to either ALS laboratory in South Africa or to SGS Mwanza for analyses.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Diamond drillholes have been collared using HQ core through the overburden/lateritic saprock and then transitioned to NQ core. Core has not been orientated. Seven drilholes have been completed using reverse circulation. One drillhole has started with RC down to a depth of 82m and then continued with diamond drilling to a depth of 330.9m.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	RQD measurements are taken of core to record recovery. Nature of mineralisation is not nuggety and prone to strong variations in grade that correlate to core loss or loss of fines. Sample length may be compromised when drilling through massive sulphides where core loss is often prevalent.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Geological logging of diamond drillholes included; lithology, grainsize, texture, structure, mineralisation, alteration, veining, colour, weathering. Drill core logging is qualitative and based on drill core

Criteria	JORC Code Explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	retained in core trays. The drillholes were logged in their entirety. Chips from RC drilling are stored in a chip tray with a representative sample captured for every metre.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Drill core has been cut in half with half core remaining in the core tray and the other half submitted to the laboratory. Where the lithology is uniform samples are taken at 1 m intervals otherwise sample lengths are dictated by geological contacts. RC material has been captured for every metre drilled. The material is put through a riffler and one third is taken for further analyses where it is sieved to remove the chips which are stored in a chip tray. Both the fines and the chips are logged and analysed using the pXRF to record Ni values. MgO values are also noted for each lithological interval. Any mineralised fines will be submitted for analyses using aqua regia digest. For diamond and RC drilling 5% of samples submitted are for QAQC purposes including standards and blanks.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Initial pXRF readings have been taken using an Olympus Delta SN: 511434. Calibration factors of factors 1.6268 were used for Cu and 1.7856 for Ni. Core samples will be analysed by either ALS laboratory in South Africa or SGS Mwanza.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	All logging and pXRF readings have been undertaken by a senior exploration personnel. Primary data was collected in the core shed using a set of standard logging templates and entered into a tablet with tailor made dropdown menus. The data is forwarded to their independent data management consultant (MSA) for validation and loading into the company's drilling database.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	The drillhole collars were surveyed with a handheld GPS unit with an accuracy of 5m which is considered sufficiently accurate for the purpose of the drillhole. All co-

Criteria	JORC Code Explanation	Commentary
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	ordinates are expressed in Arc1960.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	No regular drill hole spacing has been set with individual holes design to intersect specific targets. Diamond drillholes were designed to test coincident AMT, TDEM and geochemical anomalies.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The relationship between drill orientation and mineralisation is unknown.
Sample security	• *The measures taken to ensure sample security.*	Samples are kept in the core shed and then delivered in person by the geologist to the courier company from where they are dispatched to the laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Internal audits/reviews of procedures are ongoing, however no external reviews have been undertaken.

Section 2: Reporting of Exploration Results

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Kabanga Jirani Nickel Project covering 1,145km^2 comprises of 7 granted licences, all are 100% owned by Adavale Resources as follows: *PL 11406/2020 298.02* km^2 *Kabanga North East, Tanzania* *PL 11405/2020 113.84* km^2 *Kabanga North, Tanzania* *PL 11538/2021 64.08* km^2 *Burigi, Tanzania* *PL 11537/2021 194.08* km^2 *Burigi North, Tanzania* *PL 11591/2021 181.74* km^2 *Kabanga East, Tanzania* *PL11590/2021 273.27* km^2 *Kabanga West, Tanzania* *PL11592/2021 19.4* km^2 *Ruiza North East, Tanzania*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Not applicable, not referred to.

Criteria	Explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	The exploration target is a magmatic Ni-Cu-PGE sulphide with the same genesis to the Kabanga N-Cu-PGE sulphide deposit that the licences are adjacent to.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  • *easting and northing of the drill hole collar*
	  • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  • *dip and azimuth of the hole*
	  • *down hole length and interception depth*
	  • *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		RCDDKNE 13-07-02
		Easting 258034
		Northing 9706023
		Azimuth: Vertical Drillhole
		Dip: 90°
		EOH: 330.9m
		(Intended drillhole orientation, not surveyed hole data/ including deviations)

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Not applicable
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	Not applicable
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Additional Images will be provided in the more detailed announcement once the laboratory results are received but cross sections have been provided In this announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to*	Once laboratory results are received more comprehensive reporting will be submitted.

Criteria	Explanation	Commentary
	avoid misleading reporting of Exploration Results.	
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	No other exploration results deemed necessary for the reporting of the pXRF results from the first drillhole.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further work following up on the first drillhole will entail sampling and submission to the ALS laboratory, as well as downhole EM.