

20 January 2022

Quarterly Activities Report December 2021

EXPLORATION NICKEL

- Two highly prospective nickel sulphide licenses (Luhuma Nickel Project) secured through a binding farm-in agreement
 - Ground holding surrounds historical drillhole ¹LUH06 which intersected a mineralised layered mafic-ultramafic intrusion that returned 1.1% Ni over 8.4m in massive sulphides
 - Licences are contiguous to Adavale's Kabanga NE licence and brings Adavale's total exploration area to 1,243km²
- Drilling at the Company's flagship project Kabanga Jirani Nickel Project continued with 13 holes completed totalling 2,635 metres
- Drillhole 6 (KNE06-16-01) at Target 16 intersected a 25m thick mafic body from 30m depth.
 - Elevated pXRF readings of between 0.3% to 0.6% Ni and 0.6% to 1.8% copper returned from two thin sulphide veins intersected within the mafic unit.
 - Several thin sulphide rich veins hosted in metapelite intersected deeper in core below the mafic unit returned elevated pXRF readings up to 9.5% Cu at 162m, as well as 1.1% Ni and 1.8% Cu at 234m.
- 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

EXPLORATION URANIUM

- 400km gamma survey completed at Lake Surprise Uranium Project, South Australia with minimum values more than 5 times background radiation levels at 390 Counts Per Second ("CPS")



ASX: ADD

DIRECTORS & OFFICERS

GRANT PIERCE
CHAIRMAN

DAVID RIEKIE
EXECUTIVE DIRECTOR

JOHN HICKS
DIRECTOR

ALLAN RITCHIE
CHIEF EXECUTIVE OFFICER

LEONARD MATH
CFO & COMPANY SECRETARY

ISSUED CAPITAL

Shares: 352 million
Unlisted options: 26.5 million
Performance rights: 17 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 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

adavaleresources.com

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- **Maximum value attained are more than 40 times background radiation levels at 3100 CPS**

CORPORATE

- **Company funded to accelerate the drilling programs at Kabanga Jirani Nickel Project and Lake Surprise Uranium Project following successful completion of \$2.09M placement and \$1.34M Share Purchase Plan**
- **Mr David Riekie appointed as Executive Director effective 1 January 2022**
- **Appointment of Mr Leonard Math as Chief Financial Officer and Company Secretary**
- **Change of Registered address from Sydney to Perth**

Adavale Resources Limited (ASX: ADD) (“**Adavale**” or “**the Company**”) is pleased to provide the following report on its activities for the quarter ended 31 December 2021.

Adavale’s Chairman Mr Grant Pierce commented,

“The December quarter was a watershed period for Adavale in terms of both its nickel sulphide and uranium exploration projects. Intersecting a significant mafic – ultramafic intrusion at Target 7, executing the Luhuma farm-in agreement together with encouraging field results at Lake Surprise has positioned the Company for a very exciting and potentially a breakout year in 2022.

I am also very pleased David Riekie has moved from Non-Executive Director to Executive Director effective 1 January 2022 to drive the Company forward. David is very familiar with our projects and has a sound knowledge of both the Nickel and Uranium sectors.”

SUMMARY

The Tanzanian nickel Farm-In Agreement has our access to key exploration ground around Luhuma and further expanded our effective footprint around the eastern limb of our Kabanga Jirani Nickel Sulphide Project. Adavale has always considered the region prospective and this is now being confirmed with the exploration success around Targets 16 and 7 and this new emerging Luhuma trend.

Whilst we are continually analysing the rich drilling information that is being accumulated, particular focus is on the recent outcomes from the RC drilling program. Our drilling is being further supported by the ground-based gravity surveys that has seen our exploration team intersecting key ultramafic/mafic intrusions with tell-tale disseminated sulphide occurrences. A very positive set of outcomes.

Adavale’s exploration team has also been active on the ground in South Australia. Early gamma survey results and sampling suggests some very encouraging uranium potential being unlocked at Lake Surprise.

NICKEL EXPLORATION

Kabanga Jirani Nickel Project (Tanzania)

Background

The Kabanga Jirani Nickel Project that comprises 7 licenses offer potential to contain high-grade Ni-Cu-Co-Cr-PGE sulphide deposits similar to the Kabanga Nickel sulphide deposit. They are located within the Karagwe-Ankole Belt which is known to host layered Mesoproterozoic (1.6-1Ga) mafic ultramafic intrusions which have intruded into sulphide rich sediments facilitating the process of sulphide saturation which is partly what enables nickel sulphide deposits to form.

The project lies adjacent and along strike from Kabanga Nickel Project, the world's largest to be developed high-grade Ni-sulphide resource of 58Mt @ 2.62% Ni.

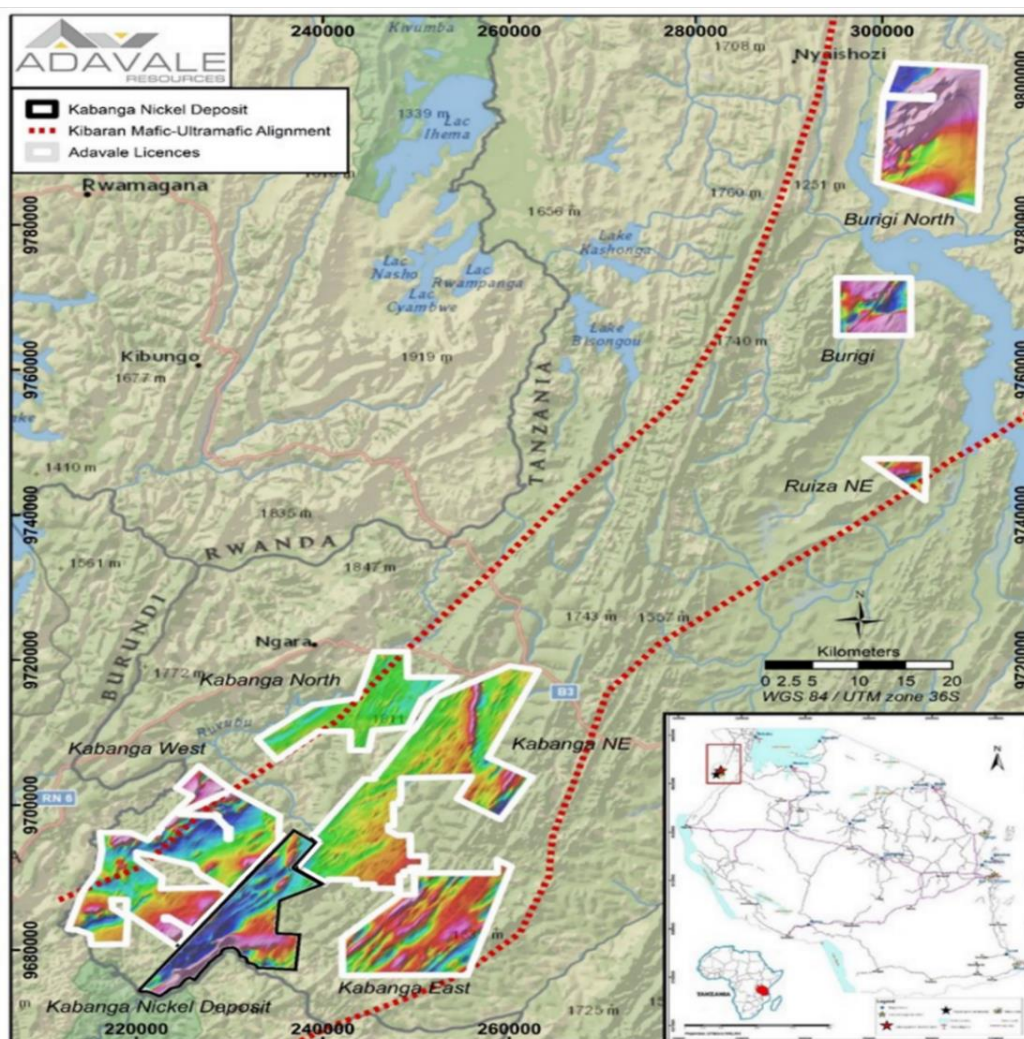


Figure 1: Location of Adavale's Kabanga Jirani Nickel Project adjacent to the world largest undeveloped nickel deposit.

Drilling Activities - Nickel

During the quarter, the Company completed a further 13 holes (2,635m drilling) in its maiden drilling program that commenced in late June. The Company has now completed a total of 18 holes (DD/RC) totalling 4,448m. The program consists of an initial circa 3,000m of diamond drilling across 4 of the 7 licenses. The initial diamond drill program has been an invaluable exercise for the Company, testing targets and more importantly evaluating the target selection criteria that has been used to identify the next generation of drill targets, testing of which has now commenced.

DD holes were completed for Targets 16, 10 and 21 during the quarter. All holes of the initial 8-hole program completed to date intersected broad intervals of metapelite that contained numerous thin sulphide rich veins in places.

Some of these veins, especially in hole 1 (refer to Company ASX announcements dated 26 July 2021 and 16 September 2021) and more recently in hole 6 and 7 reported strongly elevated Ni and Cu pXRF readings which potentially indicate the presence of a nearby magmatic sulphide bearing mafic / ultramafic body.

Drillholes 2, 3, 4 and 5 intercepted zones with multiple sulphide veins explaining their anomalous magnetism and conductivity. Some of these veins also carry elevated Ni and Cu values which may explain their geochemical anomalies. These holes will be further analysed for follow up and RC drilling has been scheduled for Target 12 area near hole 5 (see Figure 5).

In recently completed drill hole 6 (KNE06-16-01) at Target 16 (Figure 2), a 25m thick mafic body was intersected from a depth of 30m. Strongly elevated pXRF readings of between 0.3% to 0.6% Ni and 0.6 to 1.8% Cu were returned from two thin sulphide veins intersected within the mafic unit. In addition to the above, in the metapelite hosted sulphide rich veins intersected below the mafic unit, elevated pXRF readings of 9.5% Cu reported at 162m and 1.1% Ni and 1.8% Cu at 234m.

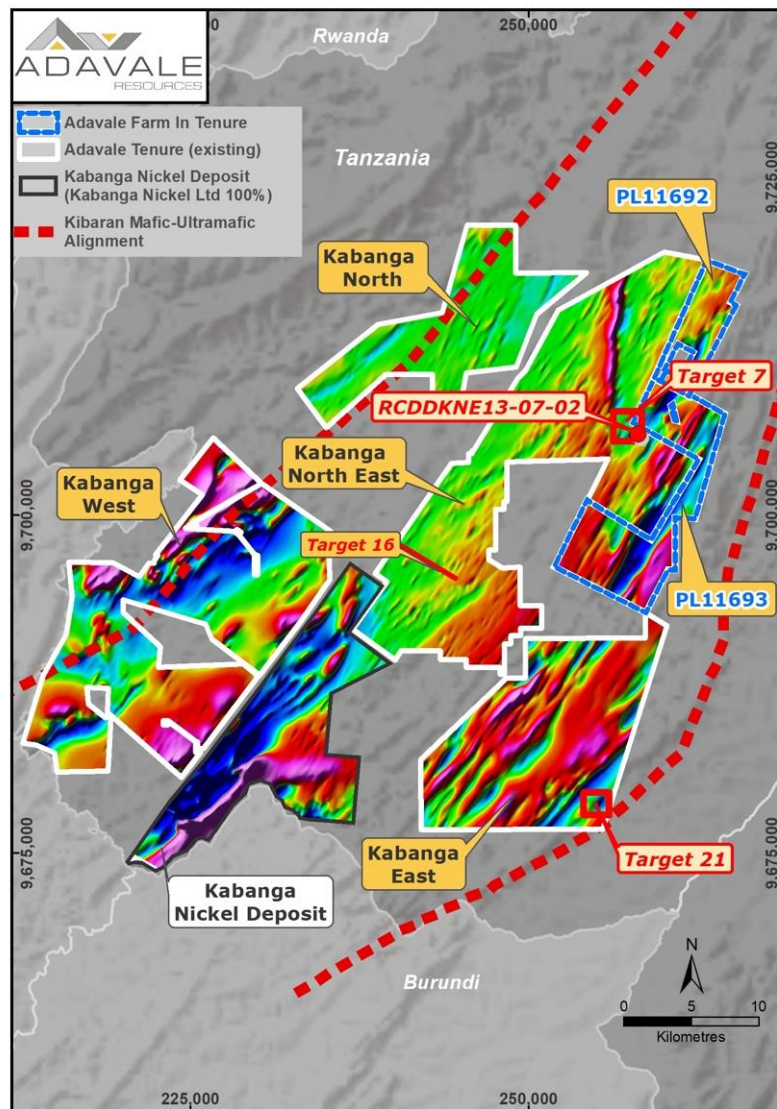


Figure 2 – Plan showing location of RCDDKNE13-07-02 at Target 7 on Kabanga NE Licence

Drill hole RCDDKNE13-07-02 at Target 7 on Adavale's Kabanga North East Licence (Figure 2) 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 3 & 4) and fine disseminated sulphides ranging to ~5% from 240m to 330m.

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 Nickel sulphide (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 3 - 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 4 - 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.

The elevated pXRF Ni and Cu readings reported from numerous sulphide veins (both metasediment and mafic hosted) intersected during the course of the initial drill program are intriguing and justify further evaluation once all samples have been analytically analysed and DHEM surveys completed on selected holes. All completed holes have been logged and sampled with samples dispatched to ALS in South Africa and SGS in Tanzania for analysis. Assay results will be received in over the coming months in batches and will be reported as such.

Gravity Surveys

During the quarter, the Company initiated gravity surveys to provide an additional vector in the selection and prioritisation of targets for testing.

The gravity survey results have identified 14 targets for possible drill testing as shown in Table 1. Many of these targets are considered more suited to initial drill testing using an RC drill rig. Hence the Company successfully mobilised a second drill rig with RC capability.

RC drill testing has commenced at Target 20 (see images below) with the aim to test as many of the priority 14 targets as possible before the calendar year end and onset of the wet season in Tanzania. Testing priority were given to those targets that have measured gravity anomalies near to or greater than 0.4 mgals and in particular Targets 7, 20 and 21 (see Figure 5).

The Company is confident that the recent implementation of gravity surveying to the Project (*refer to Company ASX announcement dated 21 October 2021*) in combination with our existing targeting datasets will result in an increased probability of intersecting prospective intrusions in the future, as was demonstrated by Drillhole 6 which had an associated gravity anomaly.

Cautionary Statement – XRF devices

The elevated Ni and Cu 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.

Kabanga Jirani Prospecting Licences

Drillhole Positions

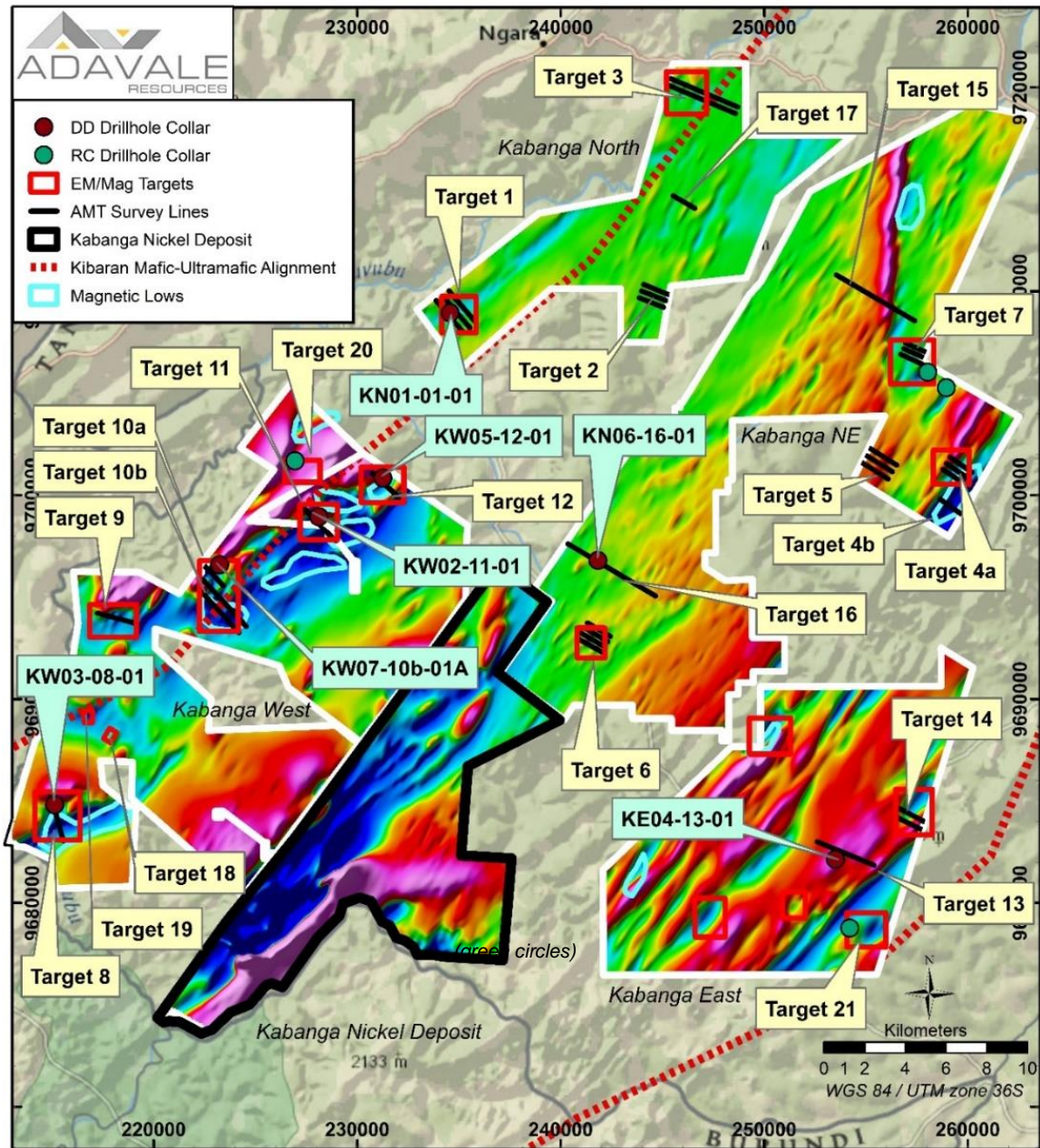


Figure 5 - Geophysical/Geochemical targets (labelled 1 to 21) completed diamond drillholes (brown circles) and first four planned RC drillholes



Image 1 – RC drill rig setting up at Target 20



Image 2 – RC drilling operations underway at Target 20



Image 3 – RC logging and sampling at Target 20

The location of the completed gravity surveys is shown in Figure 5. RC testing of the stronger gravity targets listed has commenced with Target 20 selected as the first target (refer to images 1, 2 and 3).

Table 1: Characteristics of Selected Geophysical/Geochemical and Gravity Targets							
Gravity surveys	Gravity Amplitude mgals	Geochem	AMT	EM plate	Magnetic Response	Diamond Drill Tested	To be Drilled by RC
Target 1	Weaker	Nickel	Good	Good	Good	Yes	
Target 4a	Moderate	Nickel	Weak	Not done	Good	No	
Target 5	Moderate	Ni and Cu	Not associated	Not associated	Weaker	No	
Target 6	Moderate	Strong Cu	Good	Not done	Moderate	No	Yes
Target 7	Strong	Moderate Ni and Cu	Not done	Not done	Moderate	No	Yes
Target 10b	Strong	Weak Ni and Cu	OK	Coincident	Edge	Yes	Yes
Target 12	Strong	Nickel	Good	On edge	Reasonable	Yes	Yes
Target 13	Moderate	Very strong Ni and Cu	Not done	On edge	Good	Yes	

Table 1: Characteristics of Selected Geophysical/Geochemical and Gravity Targets							
Gravity surveys	Gravity Amplitude mgals	Geochem	AMT	EM plate	Magnetic Response	Diamond Drill Tested	To be Drilled by RC
Target 14	Strong	Not coincident	Reasonable	Not done	Good	No	
Target 16	Moderate	Very strong Ni and Cu	Thin vertical anomaly	No	Weak high	Yes	
Target 18	Moderate	Cu and Ni	Not done	On mag high	Mag high	No	Yes
Target 19	Weaker	Offset Ni	Not done	Offset	Mag high	No	Yes
Target 20	Very strong	Ni and Cu	Not done	Yes	Weak dipole	No	Yes
Target 21	Very strong	Ni and Cu	Not done	Not done	Good	No	Yes

Luhuma Nickel Project (Farm-in – Option to acquire up to 100%) – Tanzania

During the quarter, the Company executed a binding farm-in agreement for 2 licences PL11692/2021 and PL11693/2021 (**Luhuma Nickel Project**) with significant nickel sulphide exploration potential (see *Figure 2*). The licences are contiguous to Adavale's Kabanga NE licence and total 99km² and brings Adavale's total exploration area to 1,243km².

Geological Prospectivity

The tenements encompass the under-explored Luhuma layered mafic-ultramafic intrusion (**LMUI**) located within the Karagwe-Ankole Belt and adjacent to the Company's existing Kabanga NE prospecting licence.

Little if any modern exploration has been conducted at Luhuma since the late 1990's when BHP Minerals abruptly terminated their activities in Tanzania due to the conflict in neighbouring Burundi.

Work completed to date suggests the LMUI is potentially a significant layered intrusion up to 4km long (based on gravity and airborne EM, see image below).

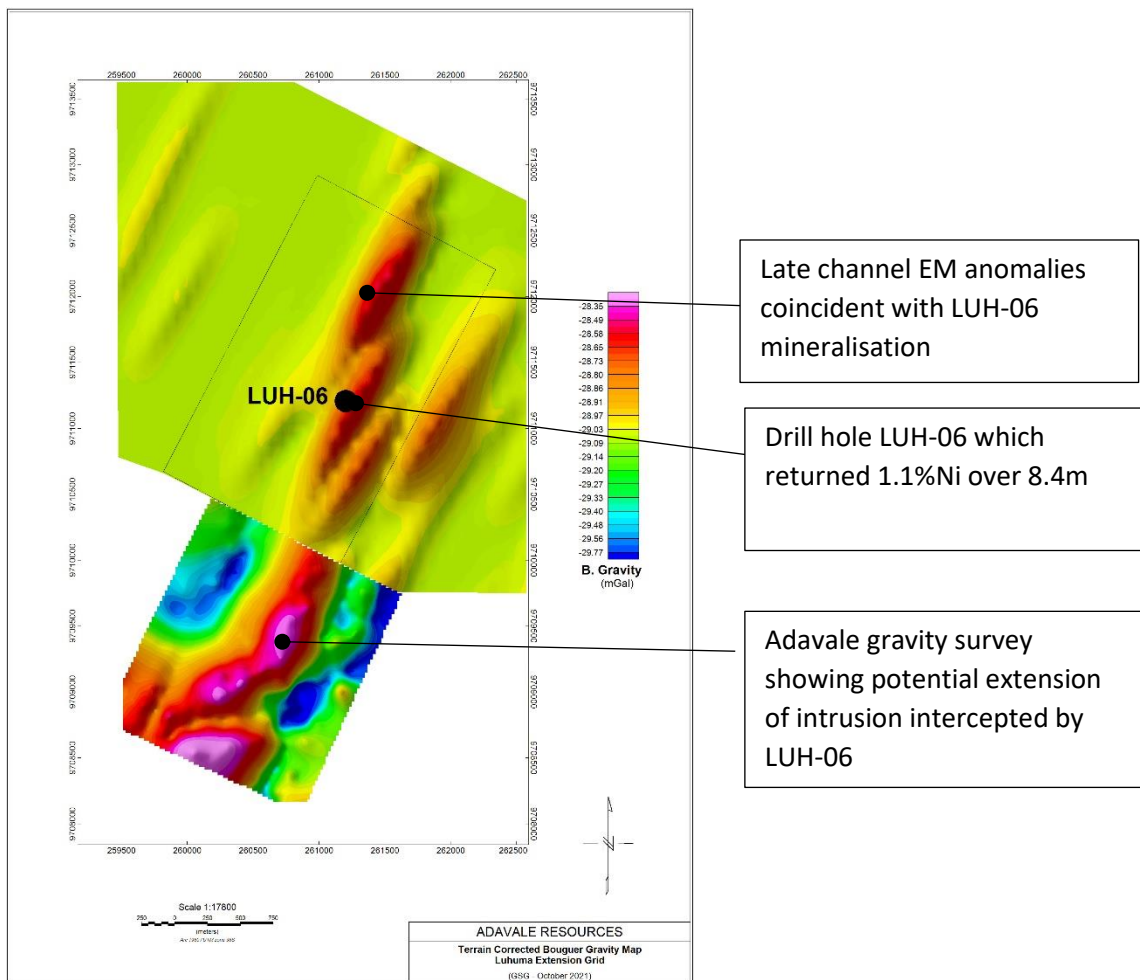


Figure 6 - Late channel EM (BHP data) merged with Adavale gravity show the potential extension of the Luhuma intrusion from LUH-06 to the south.

Historical exploration at Luhuma was largely limited to a reconnaissance stream sediment sampling program by the United Nations Development Program (UNDP) between 1974 and 1979 and regional airborne GEOTEM, stream sediment, soils and rock chip sampling surveys completed by BHP Minerals (BHP) during the 1990's.

BHP did drill several holes at Luhuma including LUH06 which returned a massive sulphide intersection of 8.4m grading 1.1% Ni. Hole LUH06 is within a 3.74 km² area known as PL 6173/2009 and currently held by the Tanzanian Government which is surrounded by the PL 11692/2021 licence that Adavale can farm into under the new Agreement.

The LUH06 intersection at Luhuma provides strong evidence that the LMUI is a mineralized system requiring further, more modern exploration including gravity surveys which are now available to unlock its potential. Adavale is not aware of any data to suggest the intersection in LUH06 was ever followed-up in any significant way and looks forward to the challenge of exploring this exciting opportunity.

Farm-In Commercial Arrangements

The agreement is structured as an option, but is in the nature of a farm-in and has 4 stages as per below, payable per licence:

Stage 1: Adavale has the immediate and exclusive right to explore and evaluate the licences for 12 months upon payment of US\$12.5k cash - and US\$25k worth of Adavale shares. During the first 12 months Adavale must spend at least the minimum exploration expenditure as required by the Mining Commission which is US\$500 per annum per square kilometre across the 98.89km².

Stage 2: If Adavale is satisfied with the exploration results and prospectivity of the licences then on or before the 1st year anniversary Adavale has the right to earn-in 65% ownership of the licences upon paying the vendor US\$25k cash and \$75k worth of Adavale shares. Adavale must continue to spend at least the minimum annual exploration expenditure of US\$500 per square kilometre.

Stage 3: If Adavale continues to be satisfied with the exploration results and prospectivity of the licences then on or before the 2nd year anniversary Adavale has the right to earn-in 80% ownership of the licences upon paying the vendor US\$50k cash and US\$112.5k worth of Adavale shares. Adavale must continue to spend at least the minimum annual exploration expenditure of \$500 per square kilometre.

Stage 4: If Adavale continues to be satisfied with the exploration results and prospectivity of the licences and has earned in and acquired a total 80% ownership, then Adavale has the right of first refusal to match any independent bona fide arm's length third party offer to buy out the remaining 20% participating interest in the licences held by the licence holder on or before the 3rd year anniversary from the Effective Date (being the 3rd business day after the conditions precedent have been satisfied). If the licence holder wishes to sell the 20% participating interest in the licence during this period, he must also give notice to Adavale and set out the terms on which he proposes to sell and the parties shall use best endeavours to negotiate agreeable terms.

On estimation of an economic Ore Reserve pursuant to the JORC Code within the Prospecting Licences, Adavale shall use its best endeavors to convert the Prospecting Licences to Mining Licenses. Should an operational mine come into production from such Mining Licenses, the Vendor shall receive a Net Smelter Return of 1.5% from the sale of minerals produced at the mine paid on a monthly basis.

The issue of the Adavale shares as part of the consideration is calculated based on the VWAP for 5 days preceding the issue of the Adavale shares and converted from US\$ to A\$. The cash payments to be made are proposed to be paid out of the Company's existing cash reserves.

The agreement is entered into with the licence holder, Ally Mbarak Nahdi, and is subject to certain conditions precedent. These conditions include the licence holder paying any outstanding licence payments, duties, fees or taxes owing in respect of the licences, Adavale reimbursing the licence holder fees incurred for grant of the licences of US\$10,889, Adavale being satisfied with its due diligence investigations and the licence holder assigning all of his rights, interests and benefits under the licences to Adavale to secure the rights granted to Adavale under the agreement (this is subject to the approval of the Mining Commission).

The conditions must be satisfied on or before 28 February 2022, or such other date as agreed otherwise Adavale may issue a notice of intention to rescind and the agreement shall terminate.

URANIUM EXPLORATION

Lake Surprise Uranium Project (South Australia)

The Lake Surprise Uranium Project consists of three exploration licenses within part of the highly prospective sedimentary uranium province within the northern part of the Lake Frome Embayment. These tenements lie within a flat, semi-arid landscape located just to the north of the Flinders Range in South Australia. These include EL 5892 comprising 92km², EL 5893 comprising 167km² and EL 6598 of 137km².

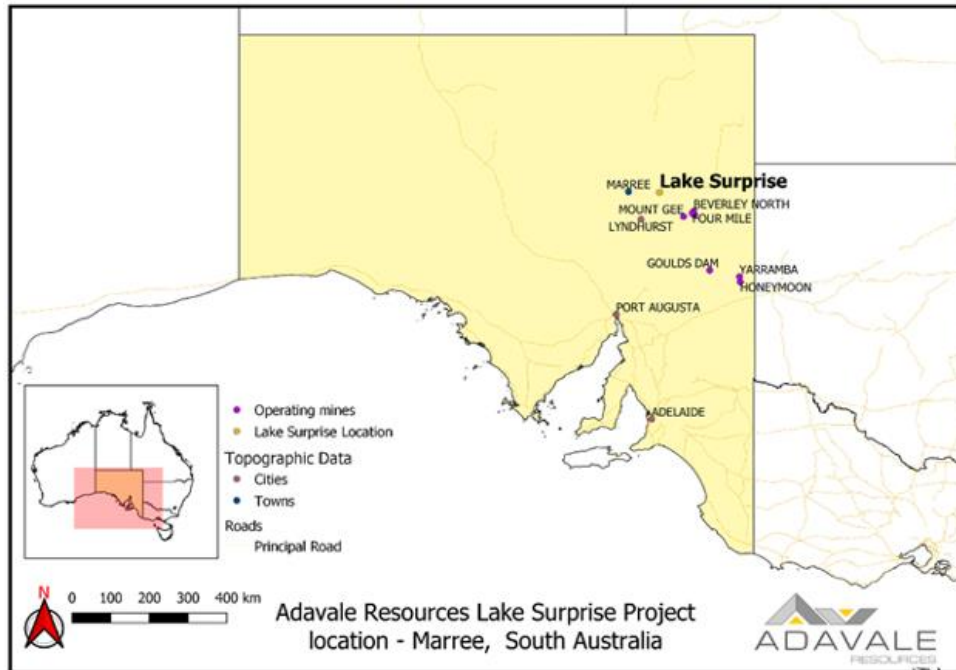


Figure 7 - Location of Adavale's Lake Surprise Uranium Project in South Australia

The Lake Surprise Project area contains the Jubilee and Mookwarinna Prospect areas, and these lie within a shallow, structural downwarp known as the Clayton Basin. If further exploration identifies economic resources, both prospects could be mined by shallow open cut methods and uranium extraction using a simple heap-leach process.

Based on historical information, a total of 446 drill holes were completed by Adavale prior to 2011. These consisted of shallow drill holes, with a maximum depth of approximately 60m. The drilling targeted geological formations that had visible uranium mineralisation.

The identified system forms a continuous underground geophysical and geochemical anomaly along a direction of strike that is coincident with a weak geophysical anomaly. This radiometric anomaly is approximately 600m wide and 2km in length and is relatively smaller and weaker than other anomalies since identified in the tenement package.

The relationship between the underground anomaly found in drilling and the geophysical anomaly at the surface was identified when the project was being reviewed internally in 2018.

During the quarter, the Company completed 400km of the planned 1,100 line-kilometre gamma survey at Lake Surprise Uranium Project. The survey targeted the strongest gamma signals at the surface to better define the extent of the anomalies and provide targets for rock chip sampling.

The current work undertaken better defines the surface expression of the gamma anomaly seen in the regional data. The gamma anomaly appears to be hosted in the silicified sediments of a palaeochannel system that discharged from the northern Flinders Ranges. This area is known to have fertile granites that are the source of uranium for systems.

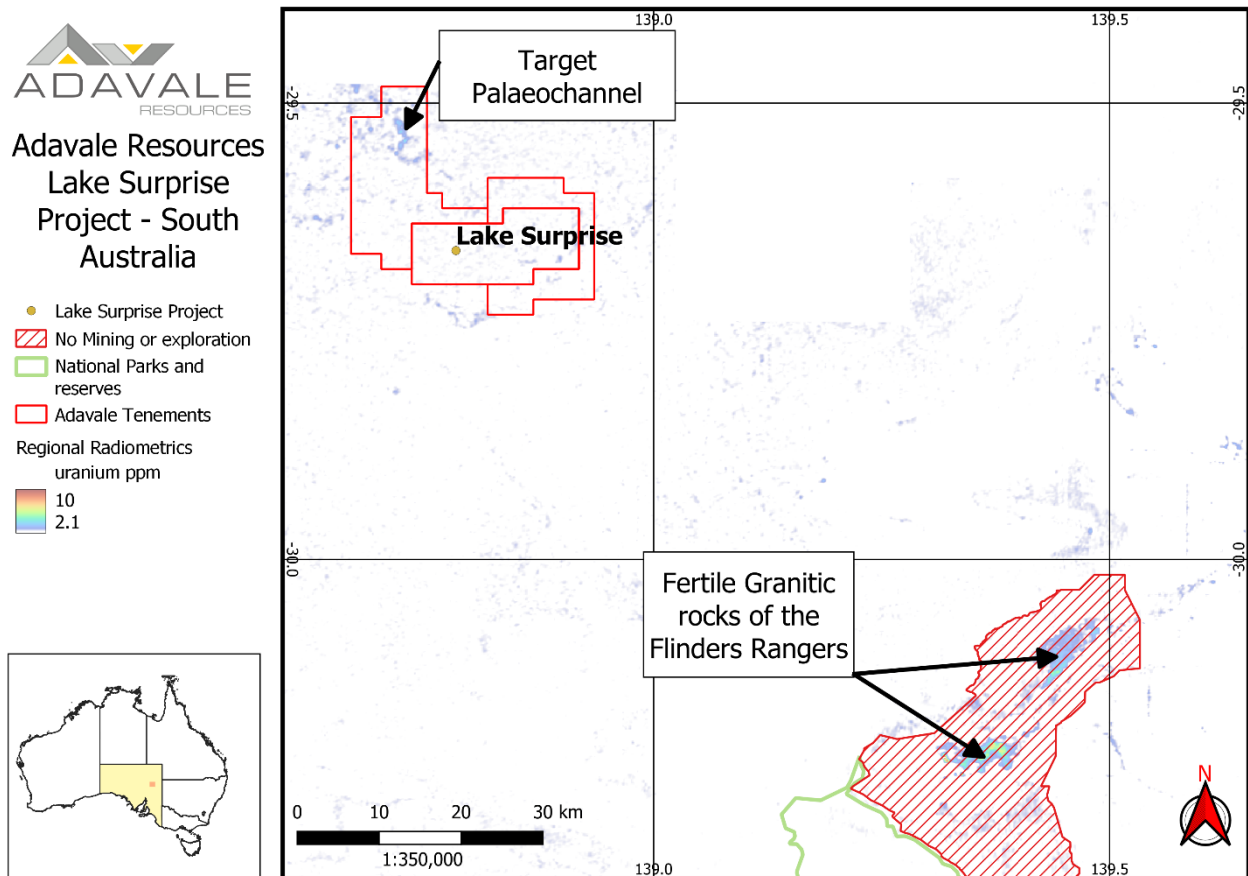


Figure 8 - Location of fertile granites in the northern Flinders Ranges

The results of the gamma survey, shown in Figure 9, clearly defined the eastern edge of the gamma anomaly with strong readings up to 10-times the background levels in the uranium channel on the survey spectrometer. The readings are semi-continuous along the strike of the outcropping palaeochannel.

There is a signal in the data that also defines the western edge of the palaeochannel system. This is not visible in the regional geophysical data but becomes apparent in the high-resolution data from the spectrometer. This signal defines the width of the target palaeochannel and provides a definite area to focus future exploration and target a potential host for mineralisation.

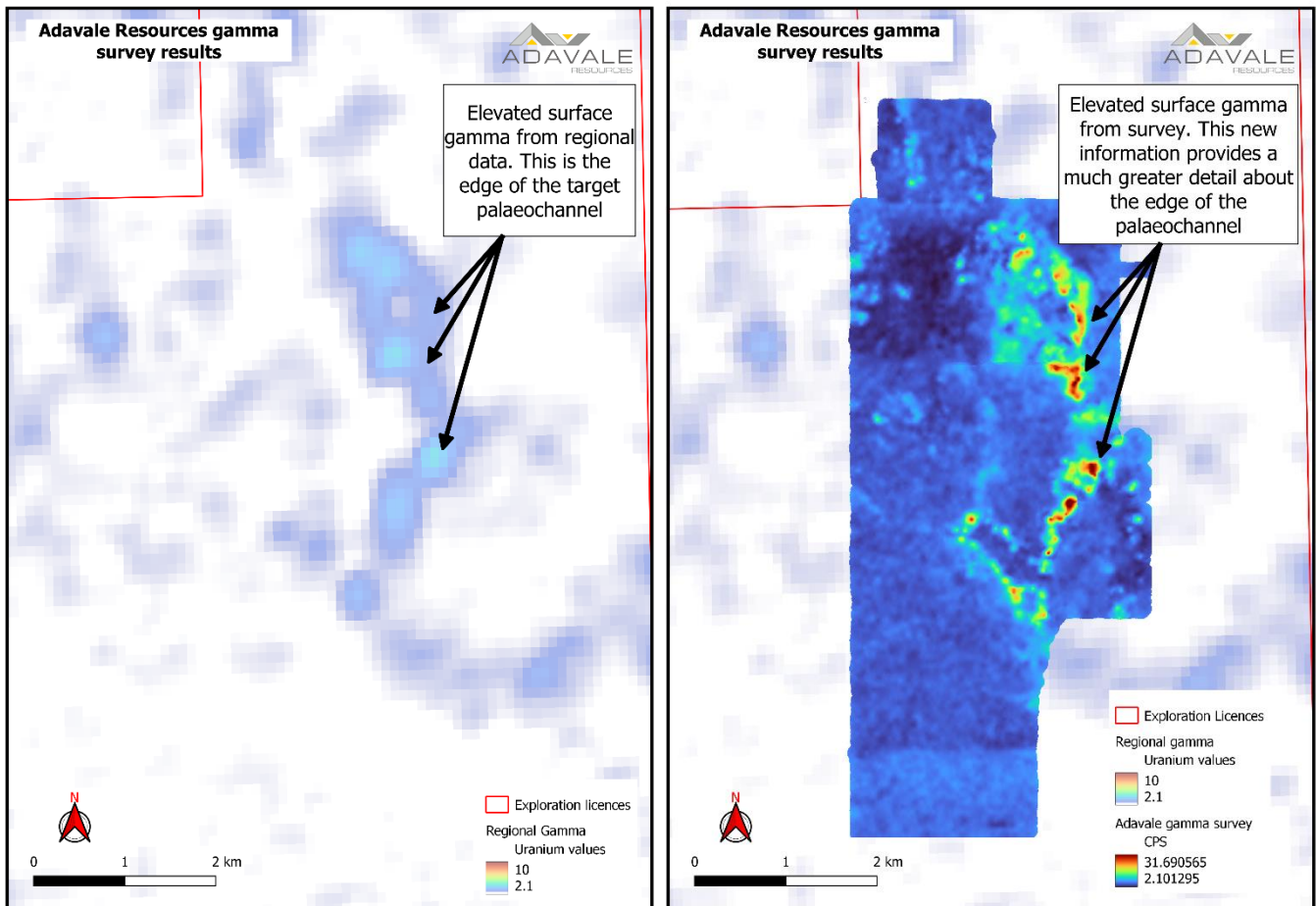


Figure 9 - Image of the processed data from the gamma survey highlighting zones of anomalously high gamma radiation at the surface. Sampling took place in these zones to better understand the relationship between gamma and contained uranium.

Rock Chip Sampling

Zones of high gamma radiation defined in the survey were targeted on foot after the data was processed using SAGA GIS. Elevated gamma regions in the processed image turned up as red zones and were identified as the priority targets for the sampling process.

An RS 125 Super Spec handheld gamma spectrometer was used in survey mode to measure the gamma at each outcrop on foot. Results from the handheld spectrometer were significantly above the background radiation levels of 75 CPS and were often 5-40 times the background value.

The lowest values obtained at sample sites with the RS 125 were above 390 CPS and the highest values recorded at 3100 CPS. A total of 28 samples were collected during the field work and have been sent for assay. (Refer to ASX announcement dated 17 December 2021 titled, "**Majority of Gamma Results Between 5 and 50 Times Background Radiation Levels at Adavale's Uranium Licences**" for full table of the samples collected)

Key highlights of the rock chip sampling program are:

- Minimum values more than 5 times background at 390 CPS
- Maximum value attained are more than 40 times background at 3100 CPS
- More than half the samples collected were above 1000 CPS
- 28 samples were collected and sent for analysis during this phase of work
- Expected results for samples Q1 2022

Planning of Future work

The assay results from this program will be used by Adavale to refine future works on the Lake Surprise tenement package.

Planned exploration will aim to include:

- Sampling across the palaeochannel to define zones where high uranium content is to be expected
- Continuation of the gamma survey to cover the whole area originally planned
- Sampling helium anomalies highlighted
- Development of targeted drilling programs for resource definition

The data obtained so far is highly encouraging and provides a robust dataset to begin thoroughly and systematically exploring the tenement package at Lake Surprise.

CORPORATE

Capital Raising

In October 2021, the Company completed a placement of \$2.09m (before costs) via a share placement to sophisticated and professional investors through the issue 38,000,000 new fully paid ordinary shares at 5.5 cents per share (“Placement”).

Existing shareholders were given the opportunity to participate in the same terms through a Share Purchase Plan (“SPP”) which closed successfully, raising \$1.34m.

The total amount raised from the Placement and SPP (\$3.43m) fully funded the current maiden drilling program on the Company’s flagship project – the Kabanga Jirani Nickel Project. Funds raised will also be used to accelerate the exploration program at the Kabanga Jirani Nickel Project and the Lake Surprise Uranium Project.

Euroz Hartleys Limited acted as Lead Manager to the Placement.

Board and Management Changes

On 1 January 2022, Mr David Riekie transitioned from a non-executive to an Executive Director role for Adavale Resources Limited. The Company is pleased with Mr Riekie’s appointment as the Company’s operations continue to grow rapidly with the aggressive exploration activities on the Company’s projects.

Mr Riekie is an experienced director who has operated as an Executive and Non-Executive of numerous ASX listed companies. Mr Riekie holds a Bachelor of Economics and a Graduate Diploma of Accounting from Flinders University and has been a member of the Australian Institute of Chartered Accountants since 1986.

His career has spanned multiple continents and within Africa, Namibia, Tanzania, Eritrea, South Africa, DRC and Mozambique are notable. He has overseen exploration and resource development, scoping and feasibility studies, production optimisation, stakeholder engagement, acquisition programs and expansion initiatives.

Mr Riekie most recently has served on the Boards of remote power generation and energy solutions specialist Zenith Energy Limited (ASX: ZEN), independent uranium producer Paladin Energy Limited (ASX: PDN)). David also served as interim CEO to Poseidon Nickel Limited (ASX: POS).

During the quarter, Mr Leonard Math was appointed as Chief Financial Officer and Company Secretary, replacing the retiring Geoff Brayshaw. Mr Math graduated with a Bachelor of Business (Double Major in Accounting & Information Systems) from Edith Cowan University in 2003 and became a Chartered Accountant in September 2008. He has held multiple Director, CFO and Company Secretary roles in the resource sector, most recently being with Okapi Resources Limited and AVZ Minerals Limited, the latter giving him exposure to working in Africa.

During the quarter, Mr Rod Chittenden and Mr Julian Rockett resigned from Adavale as Non-Executive Director and Company Secretary respectively.

Summary of Cashflow for the Quarter

Adavale held cash reserves at end of quarter of approximately \$1.9 million.

During the quarter, there was no cash payment made (as shown in 6.1 of Appendix 5B) to directors and officers. All fees payables were satisfied through the issue of Adavale share as part of a strategy to conserve Company's cash.

The Company spent approximately \$1.404 million on exploration and evaluation activities including the drilling costs at the Kabanga Jirani Nickel Project, consumables, geological consultants, assay costs and other costs associated with operating in Tanzania. Expenditure also includes payment to acquire interest in the Luhuma Nickel Project.

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

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 ~ 1,145km² 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 two (2) more highly prospective licences contiguous to our four (4) southernmost licences, adding a further 99km² to the portfolio. 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 for their sedimentary uranium potential within the northern part of the highly prospective Lake Frome Embayment in South Australia.

Competent Persons Statement

The information in this release that relates to "exploration results" for the Kabanga Jirani Nickel Project and Luhuma Nickel 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.

The information in this release that relates to "exploration results" for the Lake Surprise Uranium Project is based on information compiled or reviewed by Mr Patrick Harvey MAppSci, Australia. Mr Harvey is a consultant for Adavale Resources Limited and is a member of the AIG. Mr Harvey 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 Harvey 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.

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 forwardlooking 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.



Tenement Holdings and Movements

Schedule of Mining Tenements and Beneficial Interests

Held as at the end of the December 2021 Quarter

Project/Location	Country	Tenement	Percentage held/earning
Kabanga Jirani Nickel Project	Tanzania	Kabanga West	100%
		Kabanga North	100%
		Kabanga North East	100%
		Kabanga East	100%
		Ruiza NE	100%
		Burigi Block	100%
		Burigi North	100%
Lake Surprise Uranium Project	Australia	EL 5892	100%
		EL 5893	100%
		EL 6598	100%

Acquired during the December 2021 Quarter

Project/Location	Country	Tenement	Granted/Acquired Date
Nil			

During the quarter, the Company executed a binding Farm-In Agreement to earn up to 100% of the Luhuma Nickel Project (PL11692/2021 and PL11693/2021). The Company currently has yet to earn any interest in the project.

Disposed of during the December 2021 Quarter

Project/Location	Country	Tenement	Withdrawal Date
Nil			

Appendix 5B

Mining exploration entity quarterly cash flow report

Name of entity

ADAVALE RESOURCES LIMITED

ABN

96 008 719 015

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,404)	(2,277)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(301)	(430)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST (Paid)/Received)	(40)	(40)
1.9 Net cash from / (used in) operating activities	(1,745)	(2,747)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(89)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(89)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,431	3,431
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(149)	(150)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,282	3,281

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	331	1,423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,745)	(2,747)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(89)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,282	3,281

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	20	20
4.6	Cash and cash equivalents at end of period	1,888	1,888

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,888	331
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,888	331

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

All Directors, CEO and CFO/Company Secretary fees are being satisfied through the issue of Adavale fully paid ordinary shares.

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	250	75
7.3	Other (please specify)	-	-
7.4	Total financing facilities	250	75
7.5	Unused financing facilities available at quarter end		175
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>Standby Subscription Agreement</p> <p>The facility arrangement with LKC Technology Pty Ltd (LKC) is a 5 year agreement for \$250,000 as announced on 29 April 2020, with \$175k undrawn.</p> <p>LKC subscribes for shares upon the Company issuing a drawdown notice. Fully paid ordinary shares are issued at 80% of the 5-day VWAP that precedes the drawdown notice.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,745
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	1,745
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,888
8.5	Unused finance facilities available at quarter end (item 7.5)	175
8.6	Total available funding (item 8.4 + item 8.5)	2,063
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.18
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>The Company does not expect the next quarter to be similar level of expenditure as the previous quarters extensive exploration included 2 full time drill rigs, extensive geophysics surveys and fast-tracked detailed ground gravity surveys. Accordingly, such heavy exploration expenditure is expected to reduce significantly as the January/February wet season in Tanzania limits drilling operations as opposed to lower cost, effective field activities and surveys.</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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

The Company is well positioned as it currently has a full placement capacity under Listing Rule 7.1 (15%) and 7.1A (10%). Should the Company be required to conduct a capital raising, the placement capacity will enable the Company to raise adequate funding of the Company's operations. Based on the recent successful placement and SPP, the Company is confident of successfully completing a capital raising when required.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes and refer above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 January 2022

Authorised by: **The Board of Directors of Adavale Resources Limited**
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.