

ADD
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

X 9999999991 I ND

5 August 2022

Dear Shareholder,

Non-Renounceable Rights Offer – Notification to Eligible Shareholders

On 27 July 2022, **Adavale Resources Limited** (ASX: ADD, “Adavale” or “The Company”) announced a capital raising up to \$3 million (before costs), through a placement to institutional investors including Directors participation of \$1.8 million (**Placement**) and a non-renounceable rights offer of one (1) fully paid ordinary shares (**New Shares**) for every six (6) existing shares to eligible shareholders held as at 5.00pm (WST) on 3 August 2022 (**Record Date**) to raise approximately \$1.2 million (**Entitlement Offer**).

The Company is also offering one (1) free attaching option for every three (3) New Shares subscribed for under the Placement and the Entitlement Offer.

The Entitlement Offer is being made by the Company pursuant to an offer document prepared in accordance with section 713 of the Corporations Act 2001 (Cth) (**Prospectus**), which is available to be downloaded at www.adavaleresources.com and on ASX’s website.

Under the Entitlement Offer, new shares may be subscribed for on the basis of one (1) new share for every six (6) existing shares held by eligible shareholders with a registered address in Australia, New Zealand, the United Kingdom, Singapore or Germany held on the Record Date (**Eligible Shareholders**) .

As an Eligible Shareholder, you will be able to subscribe for one (1) New Share for every six (6) existing shares held on the Record Date, at an issue price of 2.0c per share together with one (1) free attaching new option for every three (3) new shares subscribed for (**Entitlement**). The options will have an exercise price of \$0.03 and expire on the date that is 12 months from the date of issue (**New Options**).

The Company intends to apply the funds raised from the Entitlement Offer (less expenses) to to accelerate nickel exploration activities in Tanzania and the upcoming uranium drilling program in South Australia including:

- (a) geophysical survey comprising Heli EM at high-priority targets at the Nickel Projects;
- (b) RC and diamond drill program to test targets identified through the Heli EM at the Nickel Projects; and
- (c) shallow air-core drill program at the Lake Surprise uranium project in South Australia.

For further specifics of the use of funds please refer to section 3.1 of the Prospectus.

Shares issued under the Entitlement Offer will rank equally with all fully paid ordinary shares in the capital of the Company already on issue.

Following completion of the Entitlement Offer, assuming any shortfall is subsequently placed, and the full subscription is raised, the Company will have issued approximately 59,554,598 New Shares and 19,851,533 New Options resulting in total Shares on issue of 506,927,596 (including 90,045,411 issued under the Placement), and total Options on issue of 76,366,670 (including 30,015,137 issued under the Placement).

You should read the entirety of the Prospectus carefully before deciding whether to participate in the Entitlement Offer. An investment in the Company and participation in the Entitlement Offer, is speculative and subject to a range of risks, which are more fully detailed in section 5 of the Prospectus. If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

This letter is to notify you that the Entitlement Offer is now open and a copy of your personalised Entitlement and Acceptance Form is enclosed.

The closing date for the Entitlement Offer is 5.00pm (WST) on 16 September 2022.

Key Dates

ASX Announcement of Offer / Resume Trading / Appendix 3B	Wednesday, 27 July 2022
Lodgement of Prospectus with the ASIC & ASX	Friday, 29 July 2022
Ex date	Tuesday, 2 August 2022
Record Date for determining Entitlements	Wednesday, 3 August 2022
Anticipated Placement Settlement Date for new Shares issued under Tranche 1 of the Placement	Thursday, 4 August 2022

Notice of General Meeting dispatched	In or about early / mid-August 2022
Expected date of ASX Quotation of Placement Shares	Friday, 5 August 2022
Offer opening date, Prospectus sent out to Shareholders and Company announces this has been completed	Friday, 5 August 2022
Last day to extend the Closing Date	Tuesday, 13 September 2022
Closing Date for Offer*	Friday, 16 September 2022
Shares quoted on a deferred settlement basis	Monday, 19 September 2022
ASX notified of under subscriptions	Wednesday, 21 September 2022
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Shares (before noon Sydney time)	Friday, 23 September 2022
Quotation of Shares issued under the Offer	Friday, 23 September 2022
General Meeting to approve New Options and Director Participation under the Placement	In or about early/mid-September 2022
Anticipated issue date of the New Options	5 Business Days following the General Meeting

Your Entitlement may have value and it is important you determine whether to (in whole or in part) take up or do nothing in respect of your Entitlement. If you take up your Entitlement, you can also apply for additional New Shares under the Shortfall Offer. Your Entitlement to participate in the Entitlement Offer is non-renounceable and therefore will not be tradeable or otherwise transferable.

If you have any questions in relation to the Entitlement Offer, please call Leonard Math, Company Secretary on +61 2 8003 6733 at any time between 8.30am to 5.30pm (WST), Monday to Friday before the Entitlement Offer closes, or consult your stockbroker or professional advisor. The Company thanks you for your continuing support and encourages to your participation in the Entitlement Offer.

Yours sincerely,



Leonard Math
CFO & Company Secretary