ASX ANNOUNCEMENT/MEDIA RELEASE

27 January 2023

Nickel sulphide host rocks intercepted at Kabanga Jirani

- **Initial stage diamond holes completed during December 2022 at HEM 4 and HEM 9 target areas**
- **4 diamond holes totalling 1,471m drilled over three target areas during 2022 including HEM 2, all holes cased**
- **HEM 2 drilling most promising, intersected rock types over broad intervals that host nickel sulphide deposits**
- **Downhole EM (DHEM) contractor organised to test the four completed drillholes during February 2023**
- **Soil geochemical survey covering approximately 135km^2 has commenced on prospective layered mafic-ultramafic intrusions to further refine 2023 drillhole targeting**
- **Diamond drill testing is scheduled to resume this quarter following the completion of the soil sampling and DHEM surveys and analysis of results**

Adavale Resources Limited (ASX: ADD) ("**ADD**" or "**Company**") is pleased to provide an exploration update for the Company's Kabanga Jirani Nickel Project (**Kabanga**). Additional drilling and casing of the holes for DHEM survey has been undertaken since December 2022[1].

Adavale's Executive Director, Mr David Riekie commented:

"Whilst exploratory drilling of targets within Adavale's 1,311km^2 of tenure is still in its early stages, both drill holes at HEM 2 are considered the most promising to date, intersecting rock types that typically host nickel sulphide deposits.

The drilling provided a clear indication that the potential to host a more "primitive" nickel sulphide rich ultramafic component exists at HEM 2 at depth and further to the east from the area currently drilled. This area to the east will most definitely be the focus of exploration at the HEM 2 target in 2023."

[1] ASX Announcement 7 December 2022- Exploration Update – Kabanga Jirani Nickel Project Tanzania

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: ~510 million
Unlisted options: 112 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 focused on both its 100% owned Kabanga Jirani Nickel Project and 2 Farm-in 'Luhuma' licences 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

ADAVALE RESOURCES

adavaleresources.com

CONTACT

Adavale Resources Limited Level 2, 49 Oxford Close, West Leederville WA 6007

Tel: +61 2 8003 6733

investor@adavaleresources.com

Exploration Program - Update

Initial drill tests have now been completed on target areas HEM 4 located in Kabanga East and HEM 9 in Kabanga West. Both HEM 4 and HEM 9 are areas of coincident gravity, magnetic and EM anomalies and were drill tested by RCDDKE 006 and DDKW 007 respectively during December 2022.

Drilling completed during 2022 (HEM 2, 4 and 9) shows the geology intersected at HEM 2 is the best potential host rock encountered during this initial drill program (See ASX release 7 December 2022 - Exploration Update – Kabanga Jirani Nickel Project Tanzania).

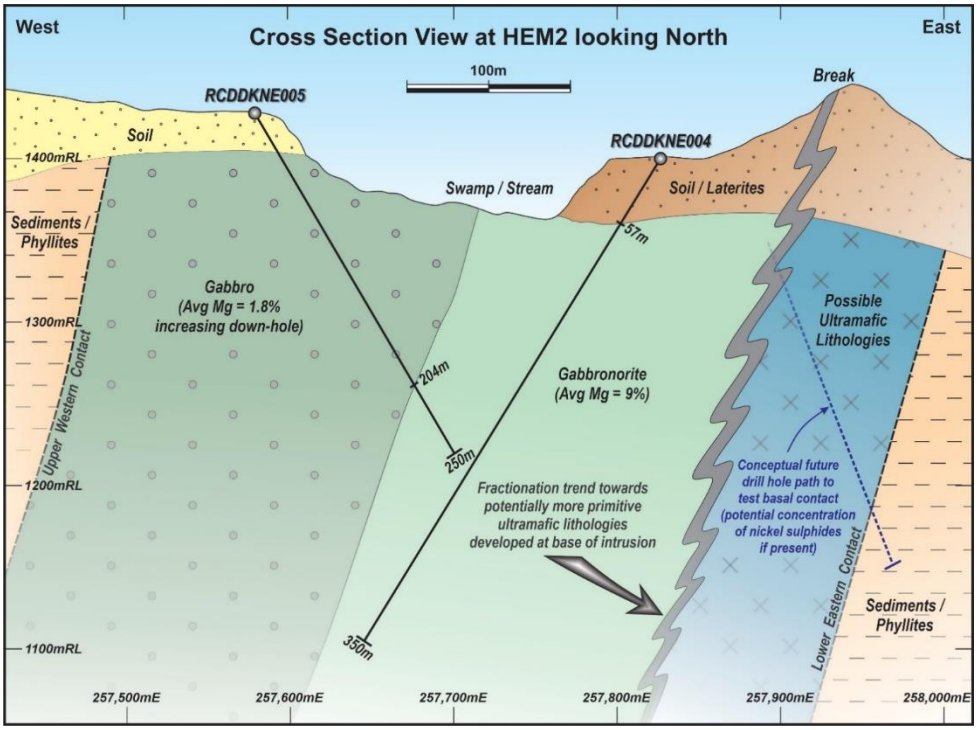


Figure 1: Section View of HEM 2 (RCDDKNE 004 & 005)[1]

Drilling was suspended in late December due to the onset of the wet season and will resume following the wet season in early 2023.

Over the intervening period, DHEM surveying will be undertaken on the four diamond holes completed during 2022 to verify the EM anomalies targeted by each drillhole have been adequately tested and to detect any other off-hole conductors that maybe associated with nearby nickel sulphide mineralisation. This will indicate what follow-up drilling is required, particularly at HEM 2.

In addition, a series of geochemical soil sampling programs have been implemented starting in the high priority area northeast of Luhuma. The soil results will be analysed against gravity anomalies to assist with prioritising drillhole targeting.

HEM 4 Target Area

Drilling was completed on drillhole RCDDKE 006 at HEM 4 (Figure 2) with the 500.5m deep hole designed to test a discrete EM anomaly underlying a gravity anomaly (Figure 2). The modelling (in purple in Figure 3) shows a clearly defined vertical conductor, which at depth flattens out and envelopes the conductor.

Drillhole RCDDKE 006 intersected an abundance of dolerite after 170m that may explain the source of the HEM 4 gravity anomaly while two zones of finely disseminated and narrow veins of sulphide (chalcopyrite and pyrrhotite) maybe the cause of the conductivity. DHEM will assist with future exploration at this target area.

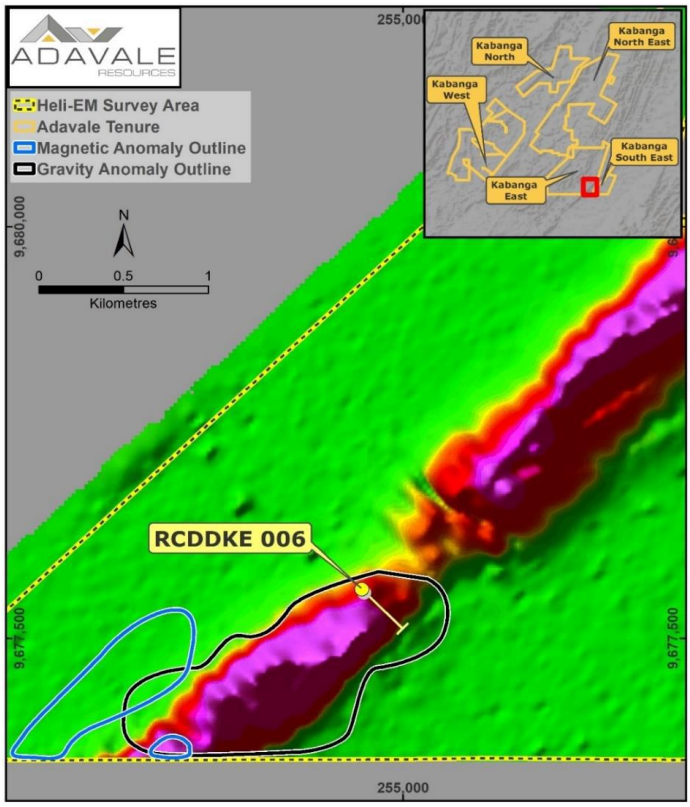


Figure 2: Plan View of drillhole RCDDKE 006. The background image is gridded EM and the black outline represents the 2.4mGal gravity contour.

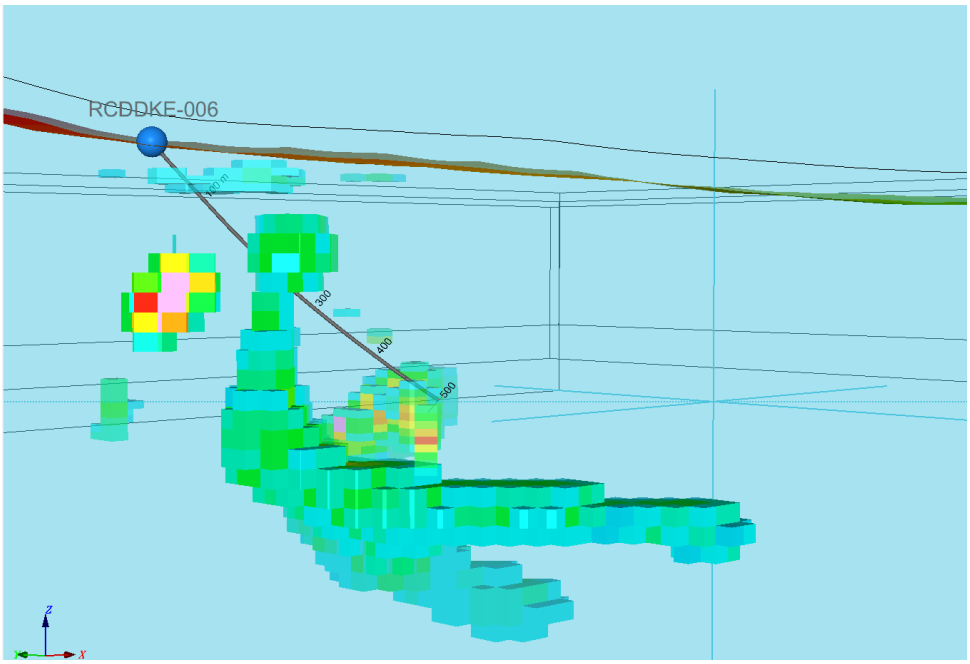


Figure 3: Cross-section of drillhole RCDDKE 006 targeting the 2.5D EM model (in purple) enveloping the 1D modelled EM.

HEM 9 Target Area

Drilling was also completed at HEM 9 which has discrete, coincident magnetic, gravity and EM conductors as shown in Figure 4. This target was drill tested by DDKW 007 aimed at a fairly flat lying conductor shown in Figure 5 and to a target depth of 371.1m.

As was the case at HEM 4, a 70m thick dolerite unit may explain the HEM 9 gravity anomaly while the conductivity maybe attributed to thin sulphide veins over 300m in width.

With both HEM 4 and 9 target areas, Adavale's geophysical surveys correctly identified zones of greater density and conductivity as evidenced by the dolerite and sulphide vein intercepts at these two locations.

In these two instances, however the intrusions have largely been composed of dolerite and the sulphides hosted within sediments rather than associated with layered mafic-ultramafic intrusions.

To assist with differentiating between gravity anomalies associated with thickened dolerite units and mafic-ultramafic intrusions, the Company has implemented a series of additional geochemical soil sampling programs.

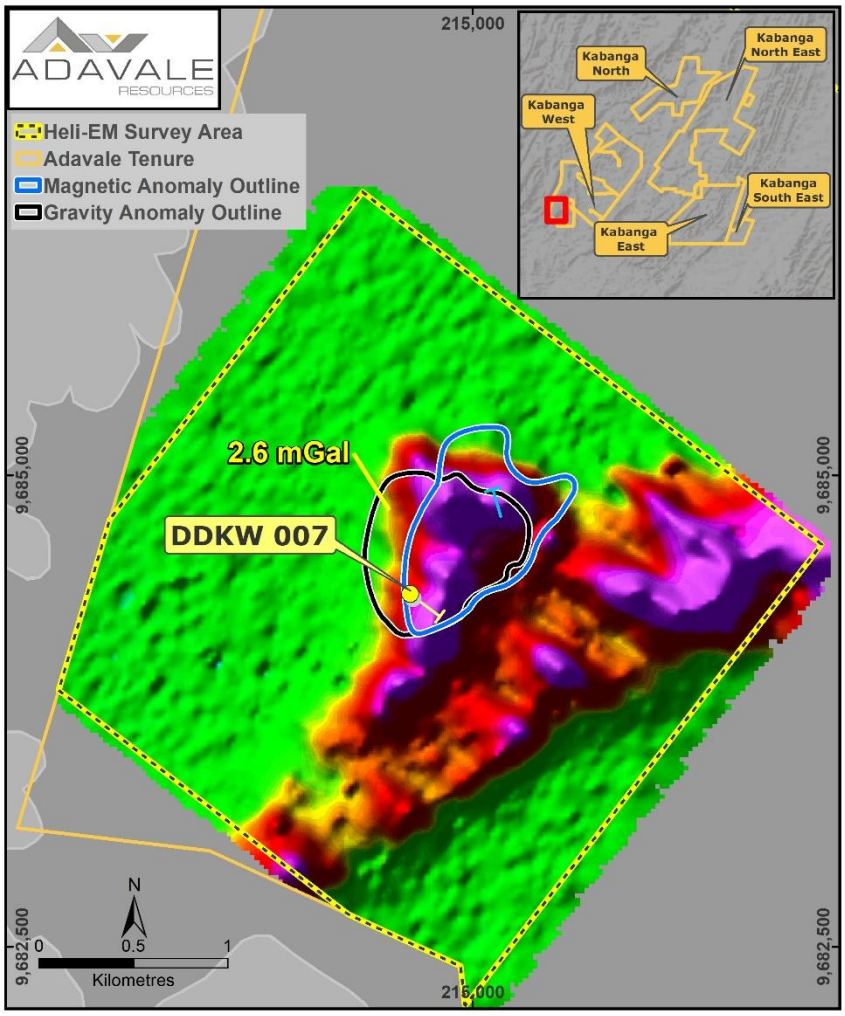


Figure 4: Plan View of HEM 9 showing drill hole DDKW 007. The background image is gridded EM and the black outline represents the 2.6mGal gravity contour.

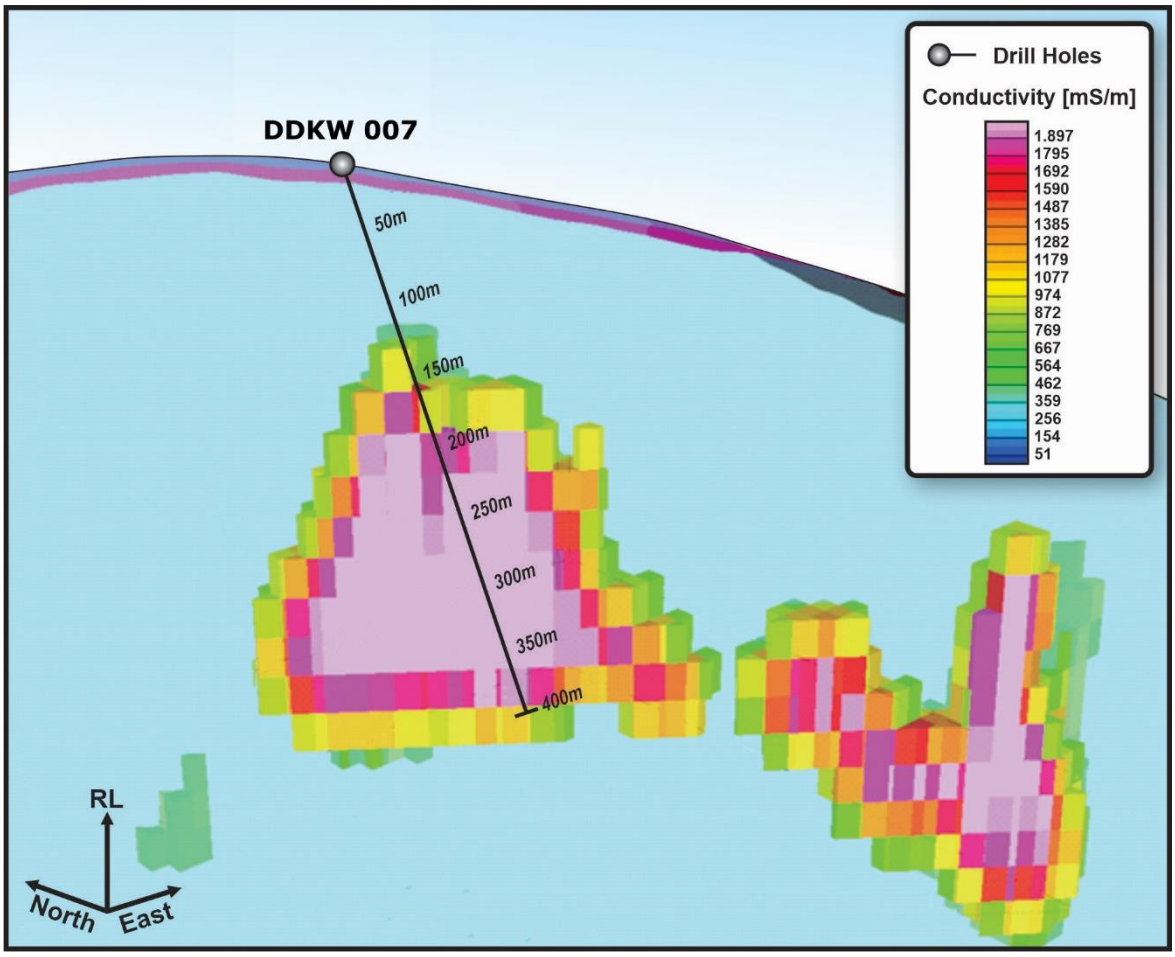


Figure 5: Cross-section of drillhole targeting the 2.5D EM model

Downhole EM Surveys

The Company will mobilise a geophysical contractor to site in February to commence a DHEM program on the first four holes of the program. Priority will be the HEM 2 area where the geology intersected implied the existence of a potentially more primitive ultramafic footwall sequence further to the east (Figure 1). The objective of the downhole survey will be to detect sulphides that may be associated with this primitive footwall sequence.

Geochemical Soil Surveys

The Company has also implemented a series of additional soil sampling programs to be completed in February. The programs are designed to cover ground with prospective geophysical targets that have not adequately been explored using soil geochemistry and to prioritise future drilling. The areas shown in brown comprise the new soil surveys relative to existing surveys shown in olive green (Figure 6). These additional survey areas have all be selected on the basis of positive underlying magnetic, gravity and/or EM anomalies. This survey has recently commenced.

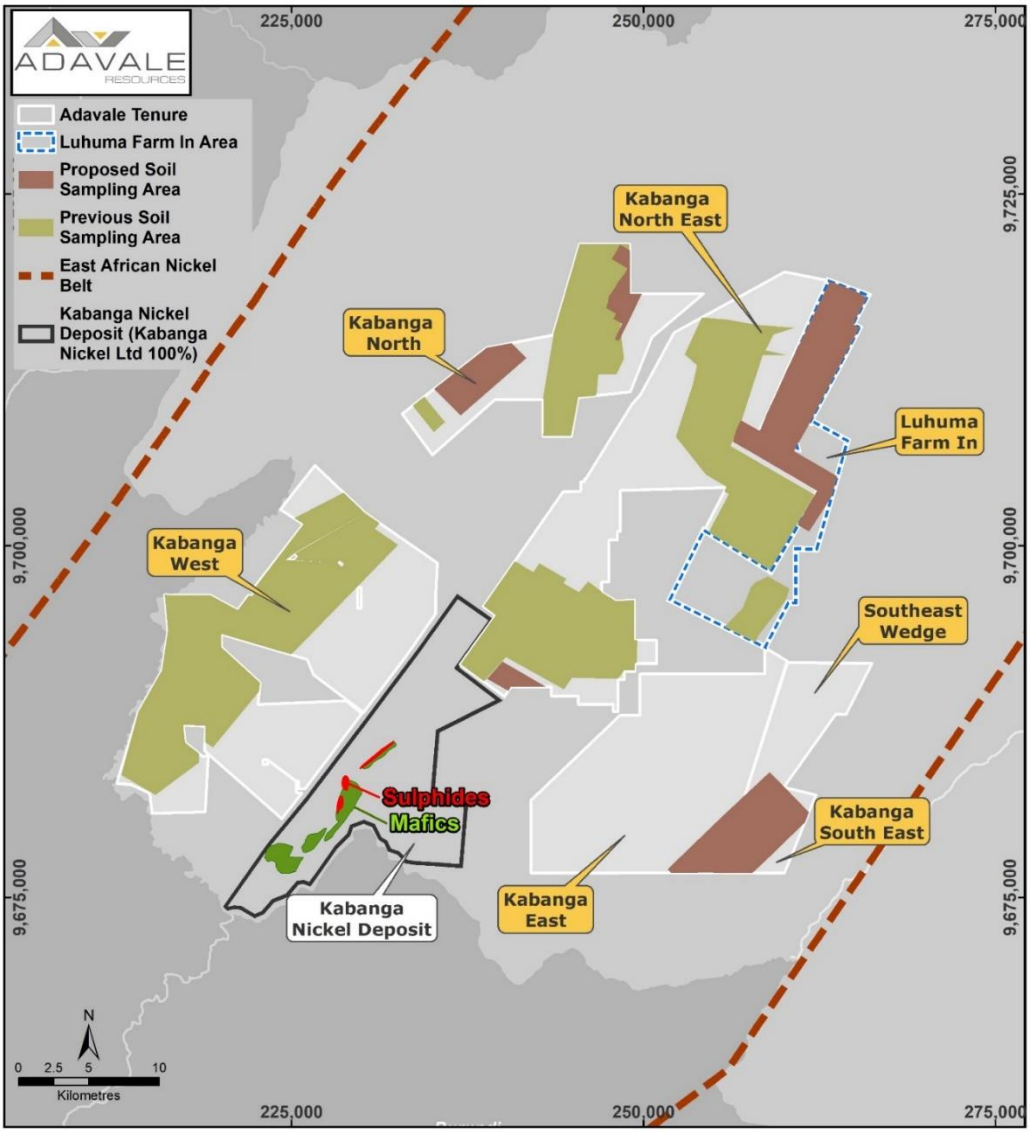


Figure 6: Overview of areas of existing soil geochemical surveys (olive green) and proposed areas of geochemical soild surveys (brown) now underway.

This announcement is authorised for release by the Board of Adavale Resources Limited.

Further information:

David Riekie
Executive Director
E: investor@adavaleresources.com

For broker and media enquiries:

Andrew Rowell
White Noise Communications
E: andrew@whitenoisecomms.com
P: +61 400 466 226

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 undertaken 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.

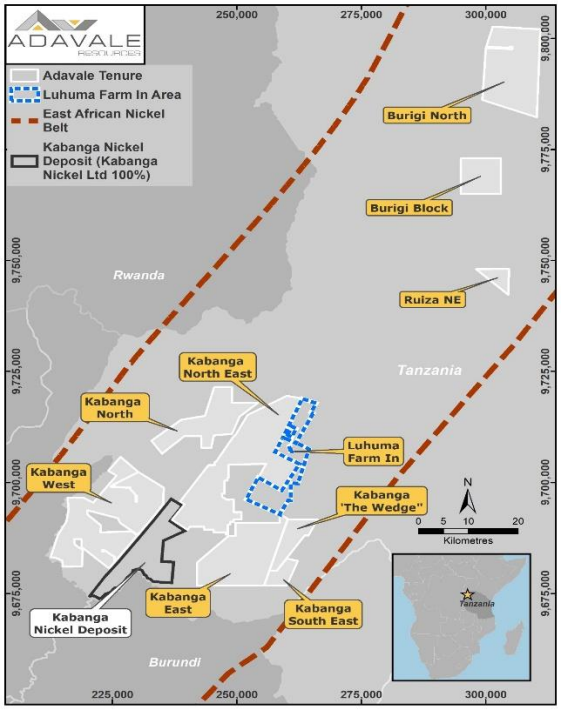
Forward looking statements

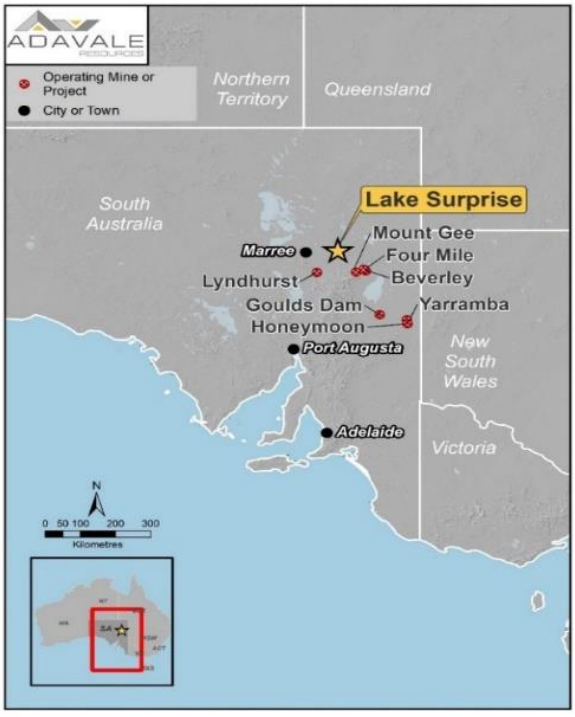
This document contains forward-looking statements concerning Adavale. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other 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 document will actually occur.

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 nine highly prospective granted licences covering ~1,212km^2 along the Karagwe-Ankolean belt in Tanzania. The six southernmost licences are proximal to the world-class Kabanga Nickel Deposit (58Mt @ 2.62% Ni). Adavale has farmed-in to two more highly prospective licences contiguous to our six southernmost licences, adding a further 99km^2 to the portfolio 1,311sq km). Adavale’s licences were selected based on their strong geochemical and geophysical signatures from the previous exploration undertaken by BHP.

Adavale also holds exploration licences for their sedimentary uranium potential within the northern part of the highly prospective Lake Frome Embayment in South Australia. Drilling is planned for Lake Surprise in early 2023.





Appendix 1

Adavale Resources Limited – Reverse Circulation and Diamond Drilling Program - 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 (eg 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 (eg '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 (eg submarine nodules) may warrant disclosure of detailed information.*	RC drilling is conducted primarily to identify the presence of mafic/ultramafic intrusions or to pre-collar ahead of converting to diamond drilling. RC chips that are identified as mafic or ultramafic are initially analysed with a pXRF, but representative samples are also submitted to ALS (south Africa) for analyses by ICP MS. For RC analyses 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. Although conductors will be intercepted with diamond drillholes, if mineralisation is intercepted with RC drilling than RC material will be 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. All sampling equipment must be cleaned between samples to prevent contamination. SG is calculated at site using a picnometer and measurements are taken systematically down the drillhole .This is used to reconcile intercepted lithologies against the modelled gravity anomalies to verify that the causative source has been intercepted. For diamond drilling sampling takes place as follows: Core is aligned and a cutting line is drawn to prevent sampling bias. Samples are marked off in pre-defined intervals of 1 m or smaller if required to honour lithological contacts.

Criteria	JORC Code Explanation	Commentary
		The core is split along the china marker reference line. The sampling depth and sample ID are then transferred onto the half core remaining so that the core can be revisited and act as a reference. The remaining sampled half of the core is then submitted to an accredited laboratory (ALS South Africa) along with QAQC samples which will form 15% of all samples submitted and will include certified blanks and Ni standards.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).*	Combination of RC and diamond drilling using NQ sized core. Current depth limit of RC drilling is 150m and for diamond drilling is 600m.
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.*	**For RC Drilling** Bulk sample retrieved from the cyclone, sample is put through the riffler and 2 to 3 kg sample retrieved for analyses (if required). Chips from this sample are extracted by washing some of the sample material – these chips are placed in a chip tray in order to keep a record of lithologies for each metre drilled. The riffler is cleaned with compressed air between sample collection to prevent contamination. **For Diamond Drilling** 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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	The following is recorded for each interval in the lithology log: Borehole ID, From and to depths, lithology code, weathering, colour, grain size, rock texture and contact type and angle The following is recorded for each mineralized interval in the mineralisation log: borehole ID, from and to depths, mineralisation type, mineralisation style and mineralisation abundance (usually as a sulphide percentage) Chips from RC drilling are stored in a chip tray with a representative sample captured for every metre.
Sub-sampling techniques and	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	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

Criteria	JORC Code Explanation	Commentary
sample preparation	• *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.*	otherwise sample lengths are dictated by geological contacts. RC material has been captured for every metre drilled. For details of sampling technique see "Sampling techniques" section.
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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Core samples will be analysed by ALS laboratory in South Africa. An aqua regia digest will be used to avoid the inclusion of silicate Ni. CRM's, blanks and standard will be inserted to verify laboratory accuracy, precision or bias. QAQC samples will form 15% of all samples submitted.
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.*	Chips from RC drilling are stored in a chip tray with a representative sample captured for every metre to enable check sampling to be undertaken. 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

Criteria	JORC Code Explanation	Commentary
	• *Discuss any adjustment to assay data.*	
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	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- 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 gravity, Geochemical and HEM 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.*	Drillholes are designed to intercept conductors orthogonally if possible or alternatively to drill through the EM anomalies.
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	JORC Code 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 1,167km^2 comprises of eight granted licences, all are 100% owned by Adavale Resources as follows: *PL 11406* *298* km^2 *Kabanga North East, Tanzania* *PL 11886* *23* km^2 *Kabanga South East, Tanzania* *PL 11405* *114* km^2 *Kabanga North, Tanzania* *PL 11538* *64* km^2 *Burigi, Tanzania* *PL 11537* *194* km^2 *Burigi North, Tanzania* *PL 11591* *182* km^2 *Kabanga East, Tanzania* *PL11590* *273* km^2 *Kabanga West, Tanzania* *PL11592* *19.4* km^2 *Ruiza North East, Tanzania* *PL 12175* *44.83km^2 Southeast Wedge Tanzania* *In addition there are two licences with farm-in agreements (65% ownership interest)* *PL11692* *26* km^2*, Luhuma North, Tanzania* *PL11693* 73 km^2 *Luhuma South, Tanzania*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Not applicable, not referred to.
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*	**RCDDKNE004** Easting 257823 Northing 9706641 Elevation 1398

Criteria	JORC Code Explanation	Commentary
	• *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.*	Azimuth: 300° Dip: 60° EOH: 300m **RCDDKNE005** Easting 257581 Northing 97067559 Elevation 1419 Azimuth: 112° Dip: 60° EOH: 300m **RCDDKNE006** Easting 254764 Northing 9677867 Elevation 1481 Azimuth: 138.43° Dip: 48.5° EOH: 500.50m **DDKW-007** Easting 214663 Northing 9684394 Elevation 1575 Azimuth: 126° Dip: 44.7° EOH: 371.1m
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.*	Not applicable

Criteria	JORC Code Explanation	Commentary
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
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 if laboratory results are reported 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 avoid misleading reporting of Exploration Results.*	Once laboratory results are received more comprehensive reporting will be submitted.
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 material information that hasn't been reported.
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.*	Diamond and RC drilling will continue and drillhole collars will be finalised as the geophysical data is modelled. Drilling will continue when the rainy season comes to an end.