



ADD  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

3 August 2023

Dear Shareholder

## **ADAVALE RESOURCES LIMITED – PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE**

As announced on 19 July 2023, Adavale Resources Limited (ACN 008 719 015) (**Company**) is undertaking a non-renounceable rights issue of one (1) fully paid ordinary share in the capital of the Company (**Share**) for every five (5) Shares held at an issue price of \$0.019 per Share, together with one (1) free attaching option for every one (1) Share subscribed for and issued (**Option**), to raise up to \$2,121,230 (**Entitlement Offer**).

The Company lodged a prospectus (**Prospectus**) with ASIC and ASX on 25 July 2023, for the following offers:

1. a pro-rata non-renounceable entitlement issue of one (1) fully paid ordinary Share for every five (5) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.019 per Share to raise approximately \$2,121,230 (before costs) together with 1 free attaching Option for every 1 Share applied for and issued, exercisable at \$0.03 per Option on or before 31 December 2025 (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**);
2. 130,000,000 Options to participants in the placement (as announced by the Company on 19 July 2023 and updated by the Company in an announcement on 21 July 2023) (**Placement Offer**); and
3. 18,000,000 Options to the lead manager of the placement and underwriter of the Entitlement Offer (**GBA Capital Offer**),  
(together, the **Offers**).

The Placement Offer and GBA Capital Offer are conditional upon Shareholder approval for the issue of Options under the Placement Offer and GBA Capital Offer for the purposes of ASX Listing Rule 7.1, to be sought at a general meeting (scheduled to be held on or around mid-September). No Options will be issued under the Placement Offer or GBA Capital Offer until that condition is met.



The Entitlement Offer is partially underwritten up to \$800,000 (**Underwritten Amount**) by GBA Capital Pty Ltd (ACN 643 039 123) (**Underwriter**). The Company must pay the Underwriter an underwriting fee of 6% of the Underwritten Amount. The Company has also agreed to issue the Underwriter (or its nominee(s)) 8,000,000 Options.

The Company intends to apply the funds raised from the Entitlement Offer (less expenses) to the progression and development of the Kabanga Jirani Nickel Project in Tanzania (Nickel Project). In particular, the Company proposes to use the funds for a Downhole Electromagnetic (DHEM), RC and diamond drilling at the Nickel Project. The Company will also allocate funds to general working capital for administration expenses of the Company, including director fees and salaries, and other corporate expenses. For further specifics of the use of funds please refer to section 3.2 of the Prospectus.

The principal effect of the Offers (assuming all Entitlements are accepted in relation to the Entitlement Offer) and no Shares are issued including on exercise or conversion of other Securities on issue prior to the Record Date (as defined in the Prospectus), will be to:

- (a) increase the cash reserves by \$2,021,130 (after deducting the estimated expenses of the Offers) immediately after completion of the Offers;
- (b) increase the number of Shares on issue from 558,218,340 Shares as at the date of this Prospectus to 799,862,008 Shares; and
- (c) increase the number of Options from 190,659,174 Options as at the date of this Prospectus to 302,302,842 Options (not including the Options under the Placement Offer and GBA Capital Offer to be issued following receipt of Shareholder approval at the General Meeting).

#### **Ineligible shareholders**

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Entitlement Offer.

You are not eligible to participate in the Entitlement Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of Shares and Options to which they would otherwise be entitled.

If you have any queries concerning the Offers, please contact your financial adviser or Leonard Math, Company Secretary, on +61 (02) 8003 6733.

Yours sincerely,

A handwritten signature in black ink, appearing to be "L. Math", written over a light grey circular stamp.

**Leonard Math**  
**CFO & Company Secretary**