

26 July 2021



## Maiden Drillhole Intercepts Ni and Cu bearing Sulphides

### Drilling Highlights:

- First hole KN01-01-01 completed to depth of 455.24m
- Ni, and Cu bearing sulphide veins intercepted in KN01-01-01 indicate potential for additional sulphides in proximity
- Elevated values up to 0.86% Ni and 4.84% Cu detected in sulphide veins by pXRF
- Rig mobilised to, and now drilling at Target 11

### Exploration Highlights:

- Soil geochemistry identifies an additional three new targets at Kabanga West
- Soil sampling and pXRF readings completed at Kabanga E
- Ground magnetics, NSAMT and soil geochemistry now complete with final TDEM surveys near completion on all 4 southern licences.
- Preparations underway for geochemical team to deploy to the 3 Northern licences

Adavale Resources (ASX: ADD) is pleased to announce the first hole of its maiden drilling program has been completed with core logged and analysed with pXRF. It should be noted that pXRF readings are semi-quantitative and are deemed to only provide an indication of mineralisation which still needs to be confirmed through analysis by an accredited laboratory.

**Adavale CEO Allan Ritchie commented:** "The success of our first hole is evident, sulphides greater than 10% intersected in numerous veins between 260 to 455 metres which returned some exciting pXRF's of **Nickel at 0.86%, Copper as high as 4.84% and even a Cobalt reading at 0.44%**. The thickness of the intersected sulphide rich intervals, the rock units and pXRF mineralisation readings are exciting indicators that we are on track and may be close to a source of massive sulphides. Now we are excited about drilling our next hole at Target 11, and we are spoilt for choice of drill targets, but will most definitely be returning to Target 1 for further drilling in the future."

**ASX: ADD**

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### ISSUED CAPITAL

Shares: 286.8 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 adjacent and along strike from the world's largest undeveloped high grade NiS resource of 58Mt @ 2.62% Ni.

### MORE INFORMATION

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## Drillhole KN01-01-01

The reasons for selecting Target 1 (see figure below) were outlined in the previous press release (refer to Company ASX announcement dated 22 June 2021) and included coincidence of geochemical and geophysical features, including Ni and Cu anomalies, the TDEM (Time Domain Electromagnetics) plate, NSAMT (Natural Source Audio-Magneto-Tellurics) anomalies and a magnetic shell indicative of an intrusion (required to host magmatic sulphide deposits).

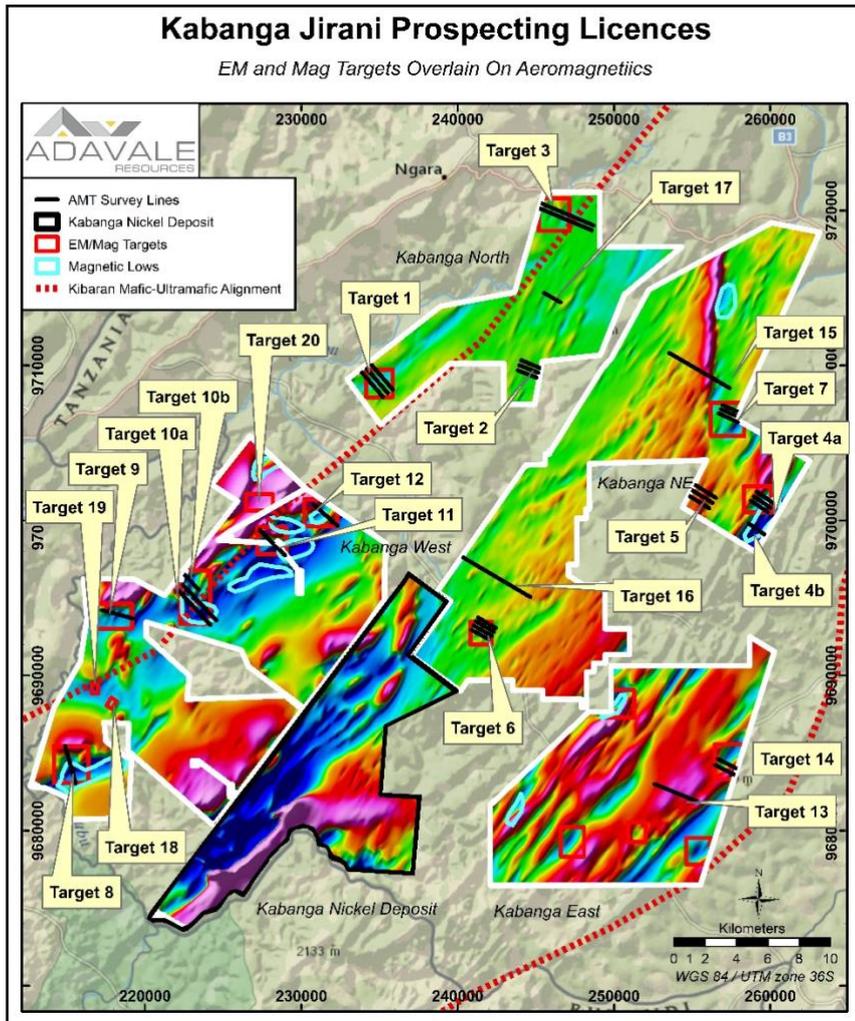


Figure 1: Location of Geochemical and Geophysical Targets

Drilling intercepted a number of veins containing Ni and Cu (see table below for Ni and Cu values identified using a handheld pXRF). These may well have originated from a magmatic source that would be expected to be proximal to the drillhole. Downhole EM will be conducted to identify any possible off-hole conductors which would be followed-up with further drilling. There is a package of 190m of numerous thin veins that are each in the order of a few mm thick and consist either of massive sulphide or a combination of calcite, quartz and sulphides. Some of these veins consist simply of pyrite whilst others contain pyrrhotite and/or chalcopyrite hosting Ni and Cu as shown in the table below.

Depth (m)	Ni %	Cu %	Description
269.24	0.21	0.10	Pyrrhotite and calcite/quartzite filled vein hosted in meta-pelite
271.94	0.1	0.07	Pyrrhotite and calcite filled vein hosted in meta-pelite
281.03	0.03	4.84	Chalcopyrite and pyrrhotite filled vein hosted in meta-pelite
312.10	0.86	-	Arsenopyrite filled vein hosted in dolerite. <b>NOTED Co at 0.44%</b>
329.45	0.11		Nodules of pyrite filled between quartzite/metapelite bedding
447.70	0.30	-	Nodules of pyrite filled between quartzite/metapelite bedding
454.37	0.21	0.34	Nodules of pyrite filled between quartzite/metapelite layers

Drilling has validated the zone of conductivity identified through the NSAMT and the TDEM which is ascribed to the numerous sulphide veins intercepted between 260 and 455m. This coincidence of veins and modelled conductivity is shown below:

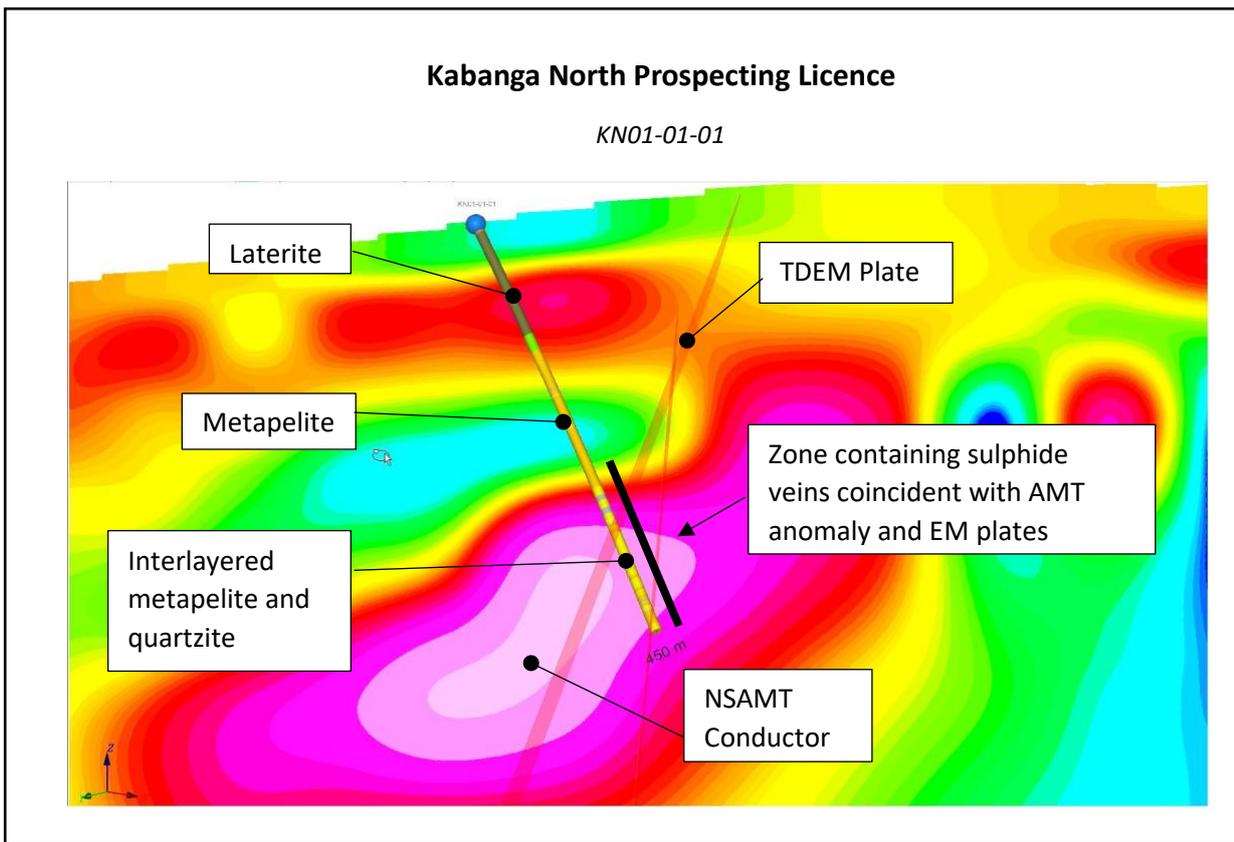


Figure 2: Cross-section showing zone of sulphides relative to geophysical conductors

Photo 1 shows the vein from 269m.



*Photo 1: Pyrrhotite and calcite/quartzite filled vein hosted in meta-pelite at 269m*

Drillhole KN01-01-01 intercepted a layered sequence of sediments with interlayered meta-pelite and quartzite layers each typically in the order of 1m to 10m thick but including a ~65m thick layer of metapelites from 233m to 299m. The last 190m of the drillhole from 260 to 450m contains numerous sulphide veins. The intrusions intercepted include an ~18m thick gabbro from ~128m to 146 m and a ~2m thick dolerite. Core samples will be prepped at SGS Mwanza and assaying will be done at ALS in Johannesburg.

Encouraging signs of a more substantial sulphide source being close are the seven veins mentioned above contained Ni and Cu bearing sulphides. Target 1 will be a priority to return to for further drilling to explore for potential massive sulphides at a future point, after downhole EM is conducted to determine if these sulphide veins originated from a more substantial sulphide source.

#### **Drillhole KW02-11-01**

Drilling of the second hole of the program has commenced at Target 11 (See Figure 1) targeting a magnetic low coinciding with anomalous Ni and Cu soil sampling values. The TDEM plate and NSAMT anomaly is modelled to lie within the magnetic shell (see Figure 3 and Figure 4) potentially indicating sulphides hosted within an intrusion.

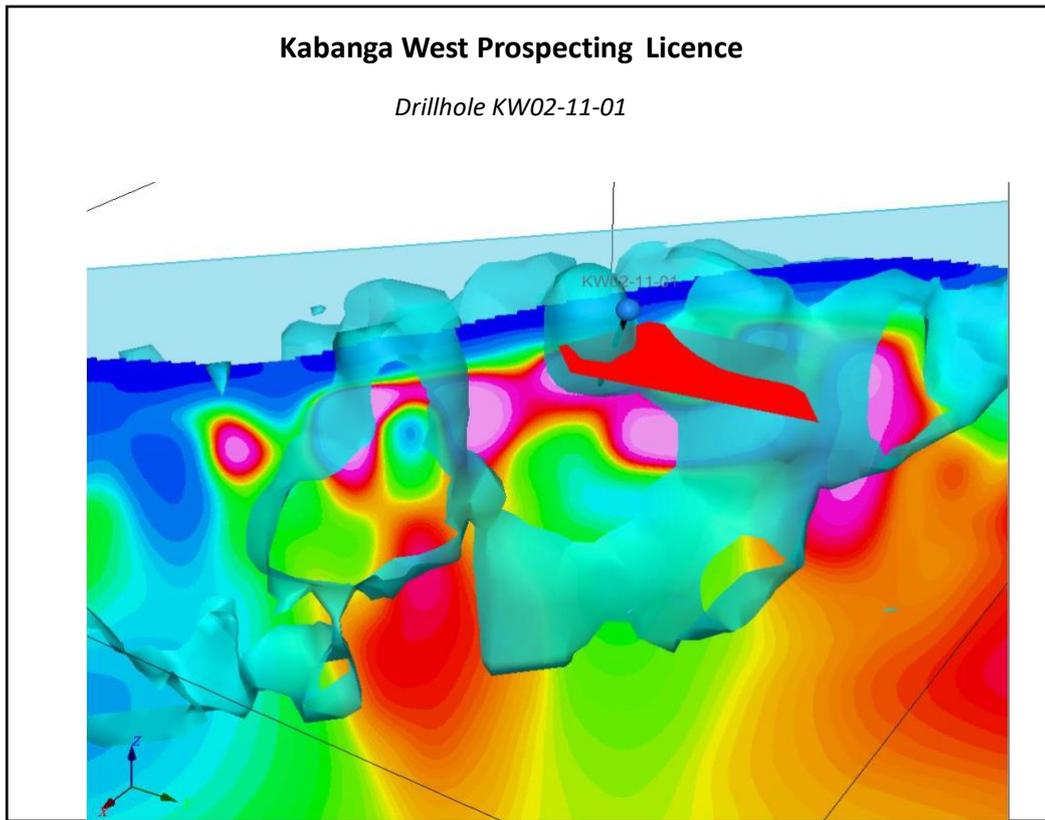


Figure 3: Cross-Section showing Drillhole intercepting magnetic shell (transparent pale blue), NSAMT conductor (colourful gridded image) and TDEM plates (red)

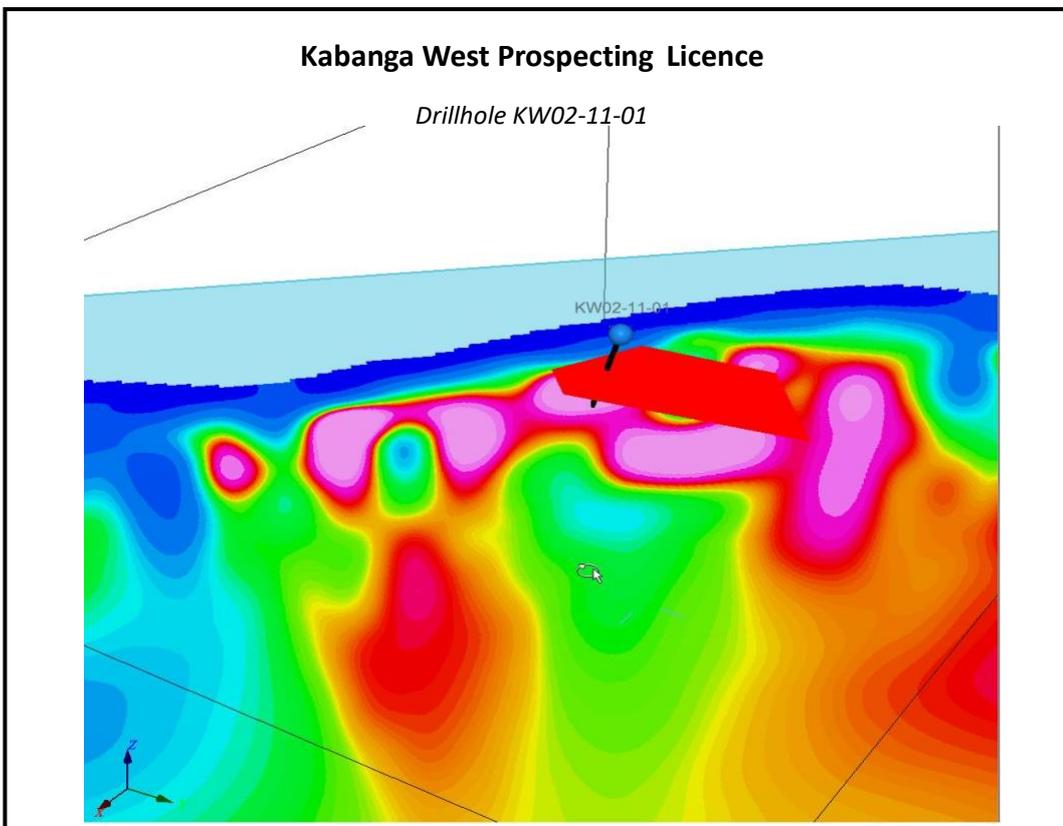


Figure 4: Cross-Section showing a closer look at same Drillhole without magnetic shell, intercepting NSAMT conductor (colourful gridded image) and TDEM plates (red)

## Geochemistry and Geophysics

The remaining TDEM surveys will be completed within the next week and all soil, ground magnetics, and NSAMT surveys are complete (see table below). Modelling of results is ongoing.

Survey Type	No. of Surveys	Line km	No. of Samples
NSAMT	17	65.3	
TDEM	14	56	
Ground Magnetics	13	426	
Soil Samples	4 licences		17 836

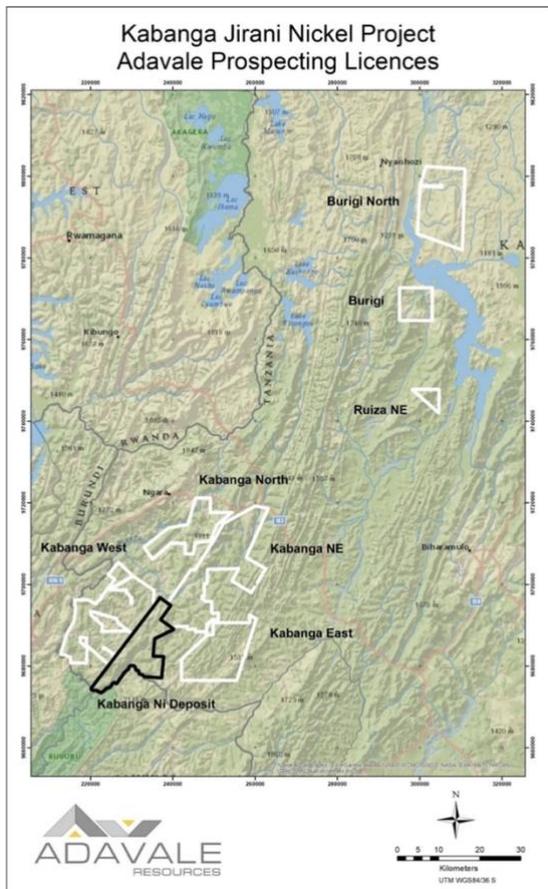
*This announcement has been authorised for release by The Board of Adavale Resources Limited.*

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### 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 over 1,145km<sup>2</sup> surrounding and proximal to the world class Kabanga Nickel Deposit (58Mt @ 2.62% Ni) and located along the Karagwe-Ankolean belt in Tanzania. 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 within part of the highly prospective sedimentary uranium province within the northern part of the Lake Frome Embayment.



## 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.

## 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 presentation will actually occur.

## 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	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>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.</i></li> </ul>	<p>To date only pXRF readings have been taken .</p> <p>To date only cursory analyses of select sample points has taken place 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.</p> <p>Samples will later be taken at 1 m intervals, or by using geological contacts, the core will be split and one half will be submitted to ALS laboratory for analyses.</p>

Criteria	JORC Code Explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> <li>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).</li> </ul>	Diamond drillhole KN01-01-01 was drilled using HQ until a depth of 141.82 m and NQ to the end of hole depth of 455.24m.
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>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.</li> </ul>	Drill core has not yet been sampled
Logging	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	Geological logging of drillholes KN01-01-01 included; lithology, grainsize, texture, structure, mineralisation, alteration, veining, colour, weathering. Drill core logging is qualitative and based on drill core retained in core trays. The drillholes were logged in their entirety using a FLOW - a best practice, multi-faceted, real-time, secure, work flow data management package compliant with all major reporting codes including JORC
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	Drill core has not yet been sampled
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> </ul>	Initial pXRF readings have been taken using an Olympus Delta SN: 511434.  Core samples will be analysed by ALS laboratory in South Africa.

Criteria	JORC Code Explanation	Commentary
	<ul style="list-style-type: none"> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	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 will be forwarded to their independent data management consultant (MSA) for validation and loading into the company's drilling database.
Location of data points	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	The drillhole collars were surveyed with a handheld GPS unit with an accuracy of 3m which is considered sufficiently accurate for the purpose of the drillhole. All co-ordinates are expressed in Arc1960.
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	No regular drill hole spacing has been set with individual holes design to intersect specific targets. Diamond drillhole KN01-01-01 was designed to coincident AMT, TDEM, magnetic and geochemical anomalies.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	The relationship between drill orientation and mineralisation is unknown.
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	Samples have not yet been submitted to the external laboratory.
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	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	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title</li> </ul>	The Kabanga Jirani Project covering 1,145km <sup>2</sup> comprises of 7 granted licences, all are 100% owned by Adavale Resources as follows:

Criteria	Explanation	Commentary
	<p><i>interests, historical sites, wilderness or national park and environmental settings.</i></p> <ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<p><i>PL 11406/2020 298.02 km<sup>2</sup> Kabanga North East, Tanzania</i></p> <p><i>PL 11405/2020 113.84 km<sup>2</sup> Kabanga North, Tanzania</i></p> <p><i>PL 11538/2021 64.08 km<sup>2</sup> Burigi, Tanzania</i></p> <p><i>PL 11537/2021 194.08 km<sup>2</sup> Burigi North, Tanzania</i></p> <p><i>PL 11591/2021 181.74 km<sup>2</sup> Kabanga East, Tanzania</i></p> <p><i>PL 11590/2021 273.27 km<sup>2</sup> Kabanga West, Tanzania</i></p> <p><i>PL 11592/2021 19.4 km<sup>2</sup> Ruiza North East, Tanzania</i></p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	Not applicable, not referred to.
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	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.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>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:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>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.</i></li> </ul>	<p>Easting: 234565.8</p> <p>Northing: 9708931.8</p> <p>RL: 1509.85</p> <p>Azimuth: 140 °</p> <p>Dip: -65°</p> <p>(Intended drillhole orientation, not surveyed hole data/ including deviations)</p>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>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.</i></li> </ul>	Not applicable

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	Not applicable
Diagrams	<ul style="list-style-type: none"> <li>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.</li> </ul>	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	<ul style="list-style-type: none"> <li>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.</li> </ul>	Once laboratory results are received more comprehensive reporting will be submitted.
Other substantive exploration data	<ul style="list-style-type: none"> <li>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.</li> </ul>	No other exploration results deemed necessary for the reporting of the pXRF results from the first drillhole.
Further work	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	Further work following up on the first drillhole will entail sampling and submission to the ALS laboratory, as well as downhole EM.