ASX ANNOUNCEMENT/MEDIA RELEASE

7 December 2022

Exploration Update – Kabanga Jirani Nickel Project Tanzania

- **Drilling confirms the prospectivity of target area HEM 2**
  - **Drillholes RCDDKNE 004 and 005 have intersected visible sulphide zones within prospective mafic lithologies at Kabanga NE**
  - **Geological interpretations supported by pXRF readings confirm the prospective nature of the layered mafic and potentially ultramafic intrusion at HEM 2**
  - **Drillholes have been cased for Down Hole Electromagnetic (DHEM) surveys on RCDDKNE 004 and 005**
- **Drilling at RCDDKNE 006 at HEM 4 (planned depth of ~500m) is in progress and on completion will be cased for DHEM**
- **RC rig has mobilised to the HEM 9 target areas (Kabanga West) and completed pre-collaring for diamond drilling**

Adavale Resources Limited (ASX: ADD) ("**ADD**" or "**Company**") is pleased to advise that it has intersected a prospective layered mafic and possibly ultramafic intrusions containing visible low tenor iron rich sulphide zones in the initial two-holes testing the HEM 2 target area. These holes form a part of the ongoing Phase 1 drilling program designed to test multiple high priority targets within the Company's Kabanga Jirani (**Kabanga**) and Luhuma Nickel Sulphide Projects (**Luhuma**) located within the broader East African Nickel Belt of Tanzania.

Adavale's Executive Director, Mr David Riekie commented:

"*As we anticipated, the first two diamond drill holes completed at HEM 2 have intersected visible (disseminated and blebby) sulphides being the probable source of the EM conductors.*

The holes have provided new critical geological information which suggests that this large, layered intrusion has been significantly rotated towards the west and that the more primitive (and potentially nickel sulphide rich basal footwall) part of the intrusion, lies at depth further to the east. Coupled with the fact the HEM 2 intrusion is clearly sulphur rich this justifies exploration efforts to locate and test for the basal position of

ASX: ADD

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CFO & COMPANY SECRETARY

ISSUED CAPITAL

Shares: ~510 million
Unlisted options: 130.1 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

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the intrusion. DHEM will be conducted on all drill holes to further understand potential sulphide rich portions of the basal contact.

Diamond drilling is currently proceeding at HEM 4 and pre-collars have been completed at HEM 9 which will test a high-quality conductor. As the processing of EM data for HEM areas 7 and 8 is now complete these drill locations can be finalised.

The Company intends to complete the planned drill holes at HEM 4 and 9 during December and recommence field exploration and drilling as soon as practicable in early January 2023."

Drilling HEM 2 target area and technical interpretation

The first two RC and diamond extended drill holes of Adavale's 2022 drill program were completed within target area HEM 2 **(see Figure1).**

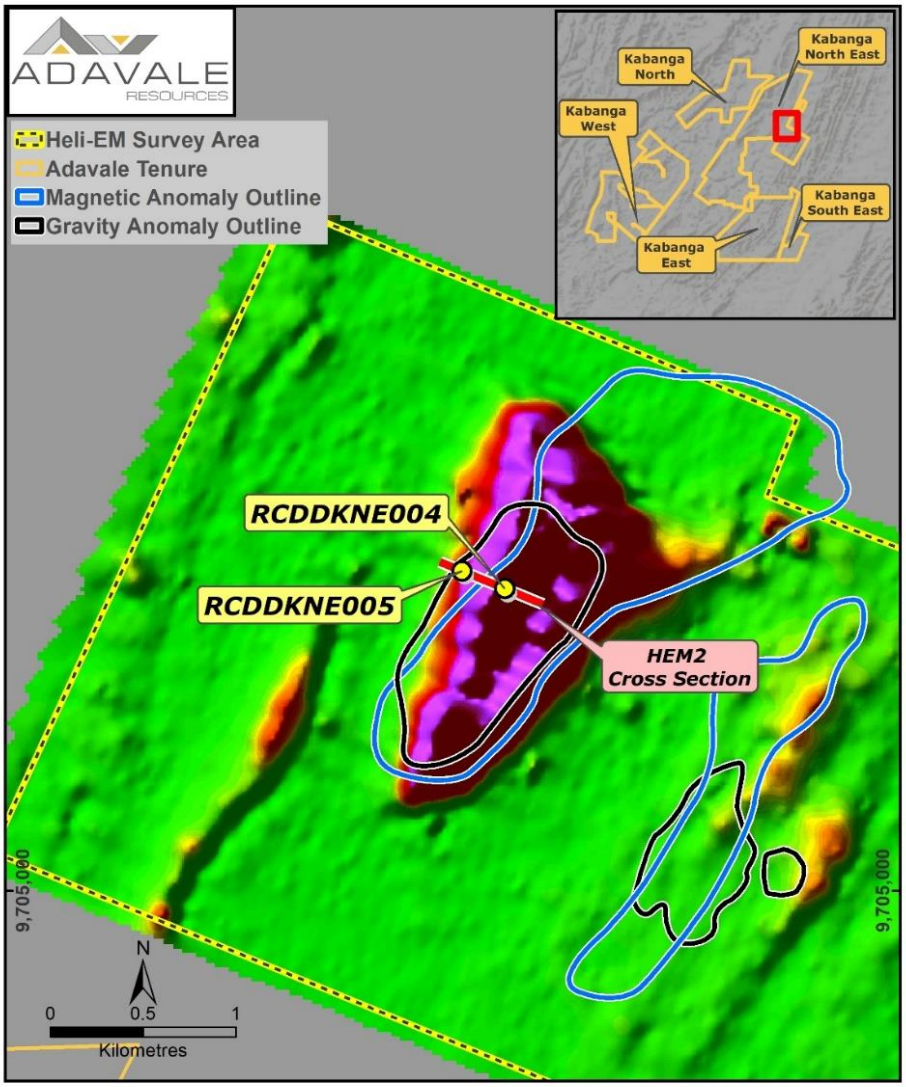

Figure 1: Plan view of HEM 2 RCDDKNE 004 & 005 (including cross section reference)

The two holes were drilled in a “scissor” pattern to target several modelled EM conductors located towards the western margin of the strong (4.5 mGal) gravity anomaly that was originally identified by Adavale in 2021 and subsequently shown to reflect a large mafic and possibly ultramafic intrusion. RCDDKNE004 was drilled towards the west at -60 degrees while RCDDKNE005 was drilled towards the east at -60 degrees, both within the confines of the intrusion.

Importantly the two completed holes have provided confirmation of broad igneous layering within the host intrusion which implies that there may be a more primitive underlying portion. The settling of sulphides (via simple gravity) also makes the basal portions of intrusions the most likely trap sites for sulphides to accumulate if they are present.

Based on visual logging and supported by systematic pXRF readings RCDDKNE004 encountered a homogeneous gabbronorite with Mg values averaging 9 percent over its full length. Whereas RCDDKNE005 to the west initially encountered less Mg rich gabbro until about 204m depth where it passed into the same gabbronorite (with 9 percent Mg)encountered in RCDDKNE004.

This change from gabbro to gabbronorite reflects a fractionation trend which suggests the intrusion at HEM 2 has been rotated (titled) at least 60 – 70 degrees to the west after it was emplaced and therefore the more primitive and potentially nickel sulphide rich base of the intrusion is located at depth further to the east **(Figure 2).** Plans are currently being developed by Adavale to refocus exploration to test this interpretation.

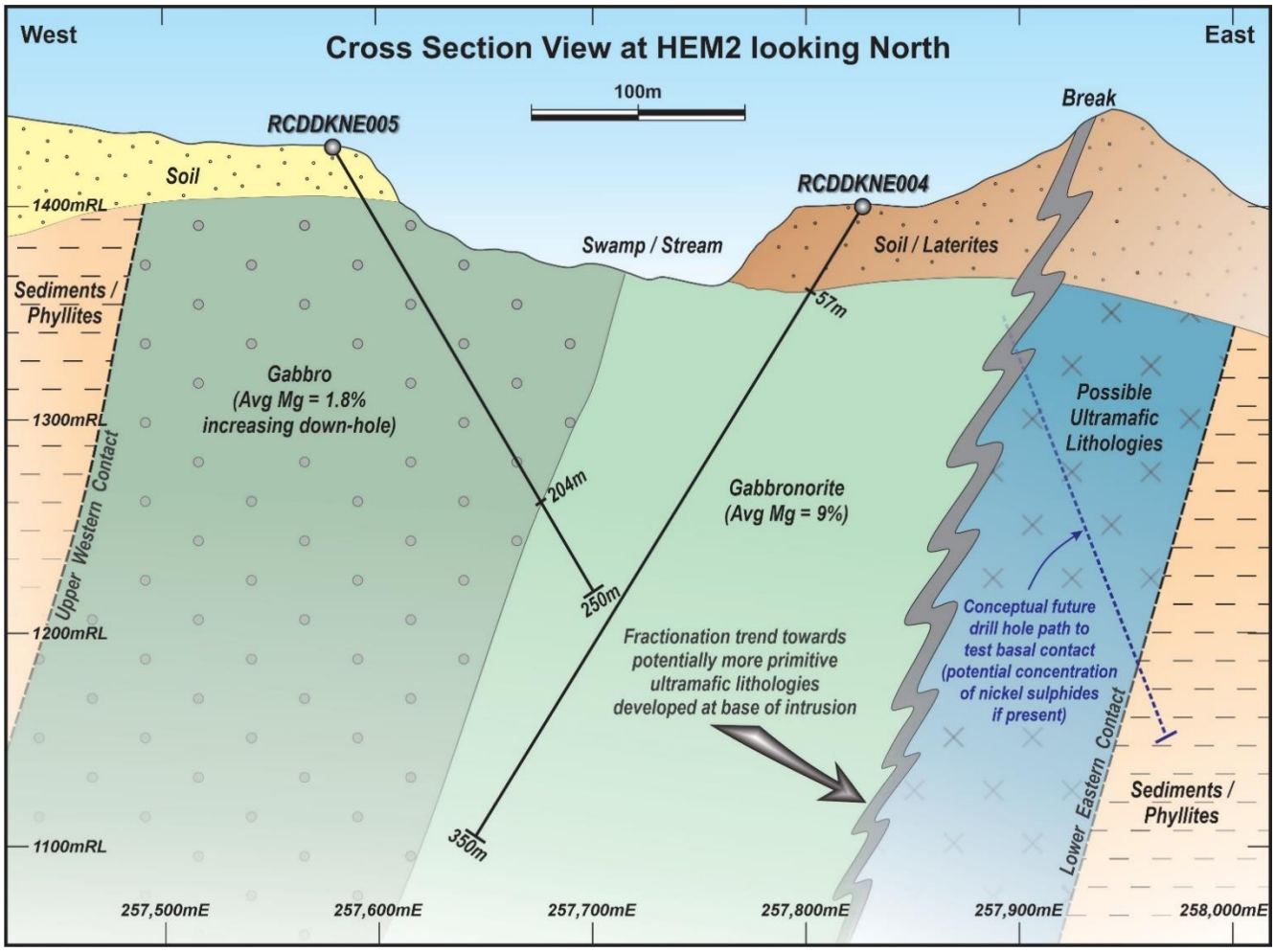

Figure 2: Section View of HEM 2 RCDDKNE 004 & 005

Both drill holes have intersected several intervals of low tenor (<0.1% Ni, based on numerous pXRF readings) iron rich disseminated and blebby sulphides which is likely to explain the source of the modelled EM conductors the drill holes were designed to target. To confirm this and test for off-hole anomalies at the base of the intrusion both holes have been cased with PVC pipe to enable a DHEM survey.

Diamond Drilling HEM 4 target area

Drilling is currently underway on drill hole RCDDKE 006 at HEM 4 (**See Figure 3)** and is currently at a depth of 325m (the vertical conductor identified may have been caused by disseminated sulphides intercepted between ~ 250 and 300m). The hole has a planned completion depth of 500m and has been designed to test several EM conductors as shown in the 3D view in (**Figure 4)** below. The 3D image has been compiled by processing Xcite data (collected from the HEM program) to show areas of high conductivity and envelops the perimeter of an intrusion (as identified from the gravity survey).

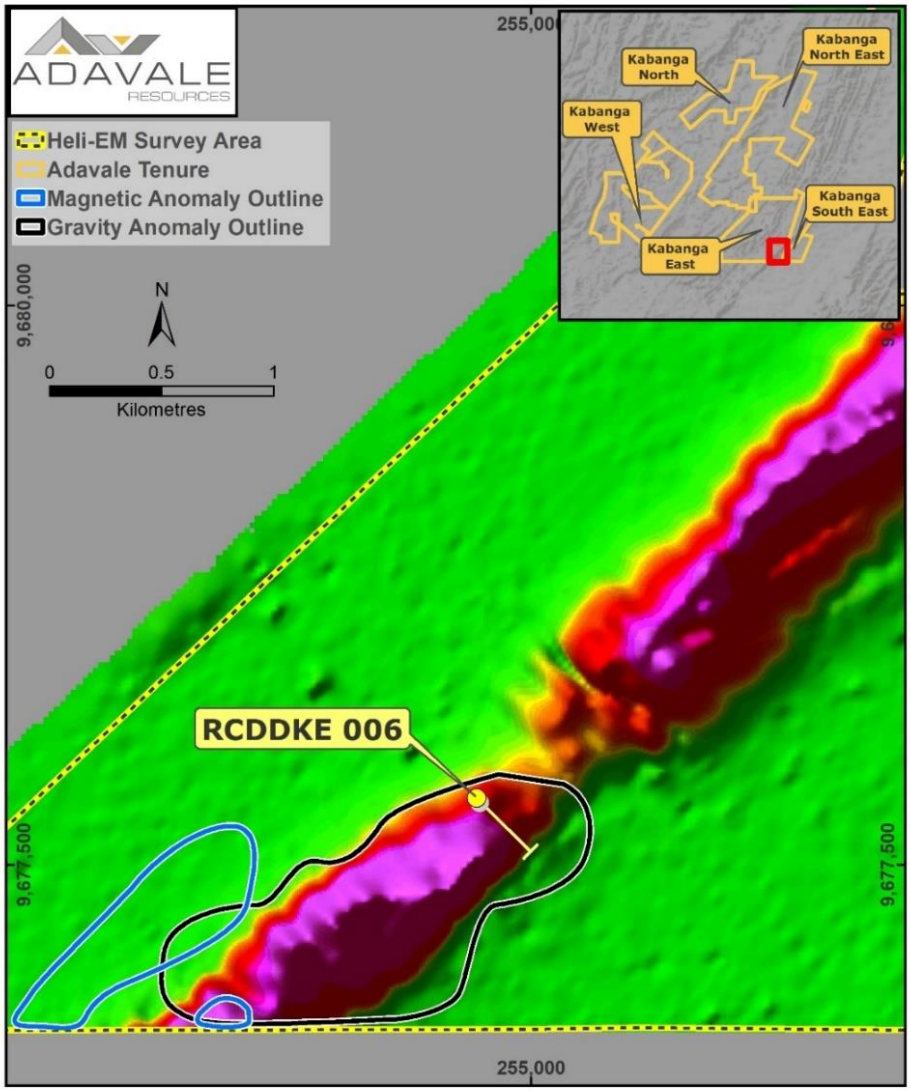

Figure 3: Drill hole RCDDKE 006 at HEM 4

The conductivity of the HEM target is estimated to be around 0.8 S/m and has been refined using a combination of 3D voxels and conductivity depth images (CDI's) models.

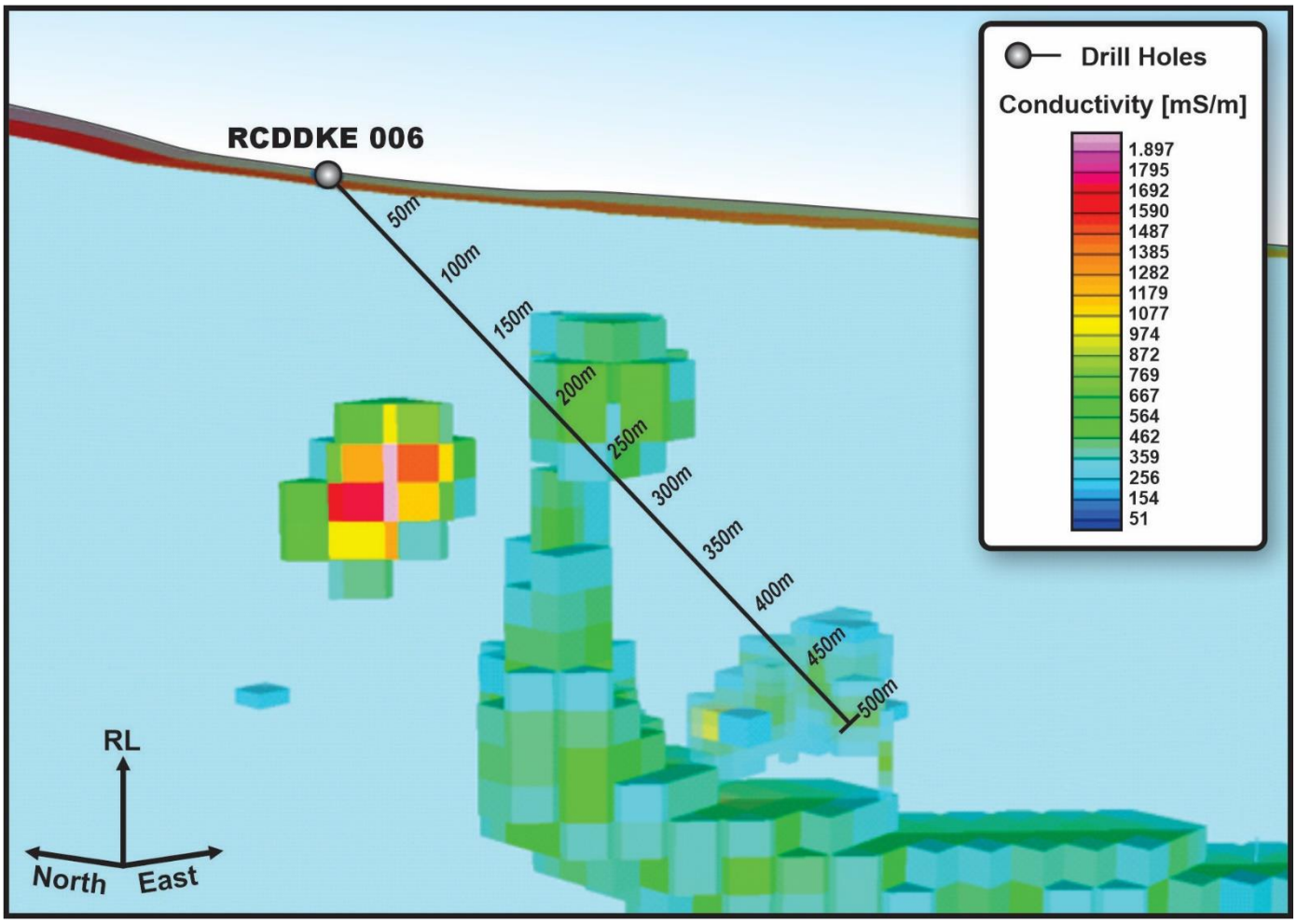

Figure 4: EM target horizons as shown in the 3D view at HEM 4 RCDDKE006

RC Drilling HEM 9 target area

The RC rig has been mobilised to HEM 9 situated with the Company's Kabanga West licence **(Figure 5).** The pre-collar has been completed and is awaiting the diamond drill rig to be mobilised after completion of drilling at HEM 4.

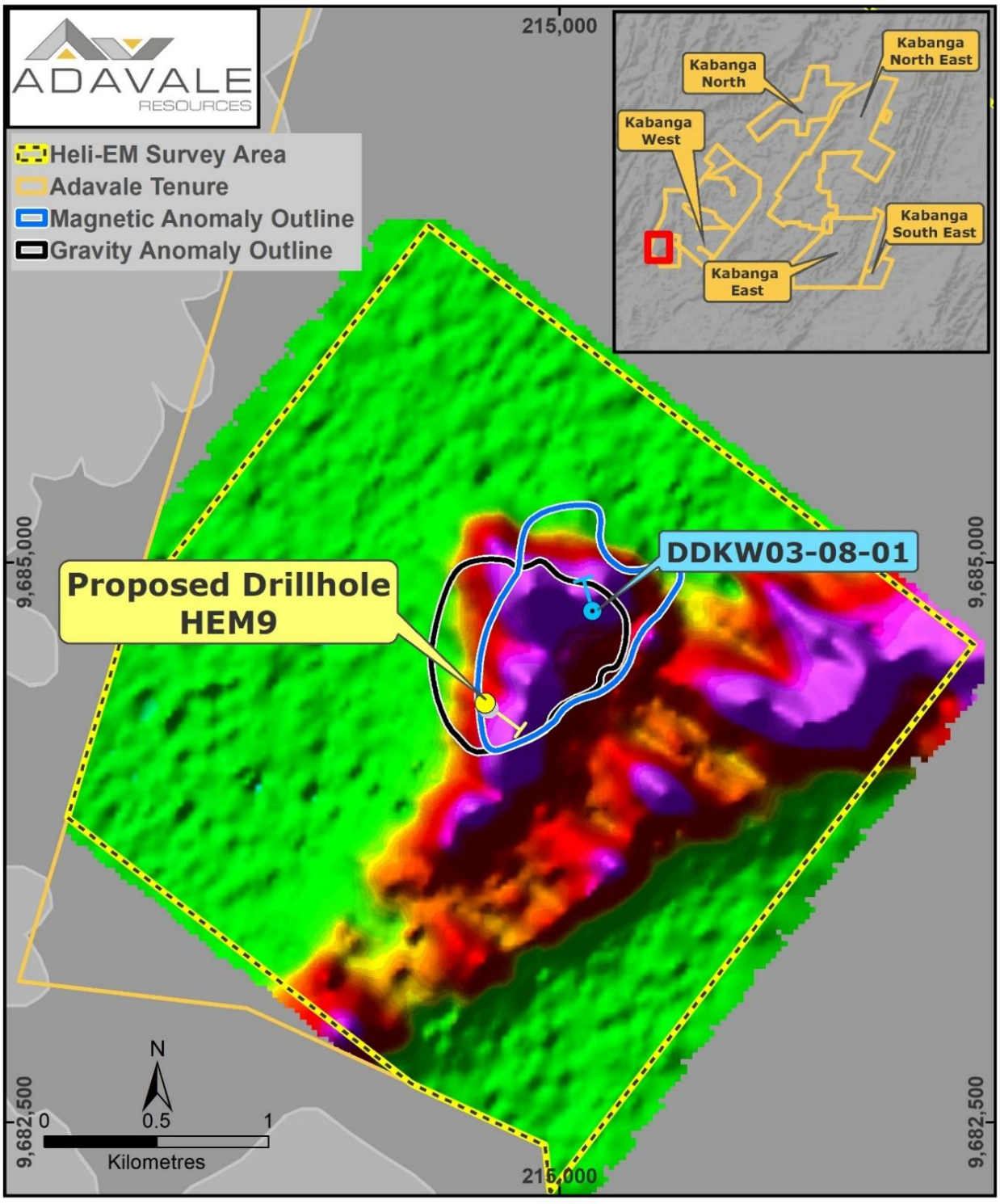

Figure 5: Proposed Drill hole HEM 9

The processed data has been interpreted as a high-quality conductor which will be the focus of an RCDD hole as shown in **Figure 6**.

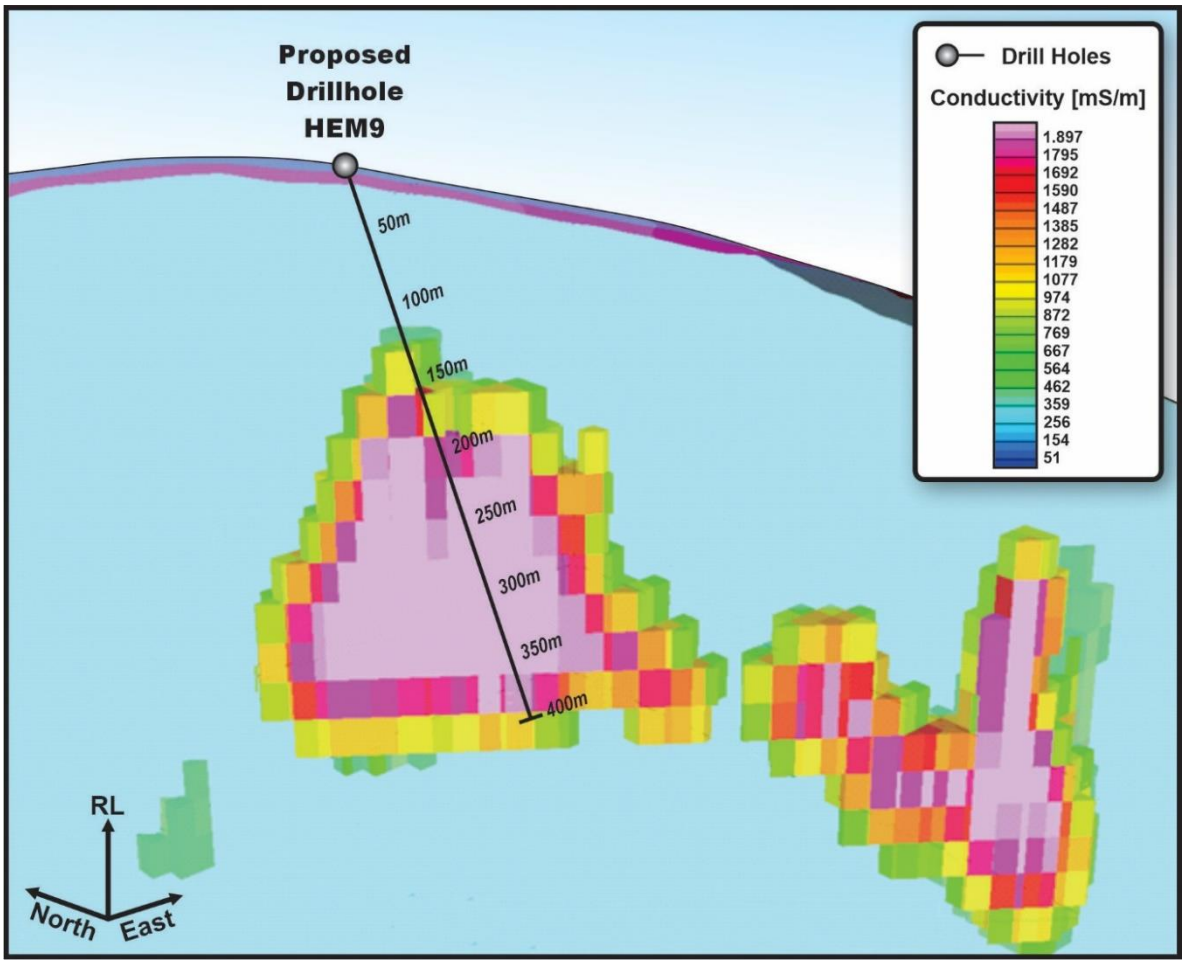

Figure 6: EM target horizons as shown in the 3D view HEM 9

The current program will see the RC rig move to HEM 7 and 8 to complete similar pre-collars in preparation for diamond drill testing these target areas in the first quarter of next year.

As previously highlighted in recent announcements the Company intends to maintain a flexible and iterative approach in respect to the sequence and expansion of its drilling program. This will be based on drilling and survey information gained through field assessments of drill locations, drill results and the continual processing of relevant survey data being complied with by our expert consultants. DHEM surveys are anticipated to be performed on all completed DD holes to verify the source of the individual conductors and identify potential new drill targets.

While drill progress to date has been adequate, recent mechanical issues with the RC rig and heavier than usual seasonal rains, have intermittently impacted optimal drilling output. The Company intends to maintain the current drill program and complete the planned drill holes at HEM 4 and 9 during December.

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

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Competent Persons Statement

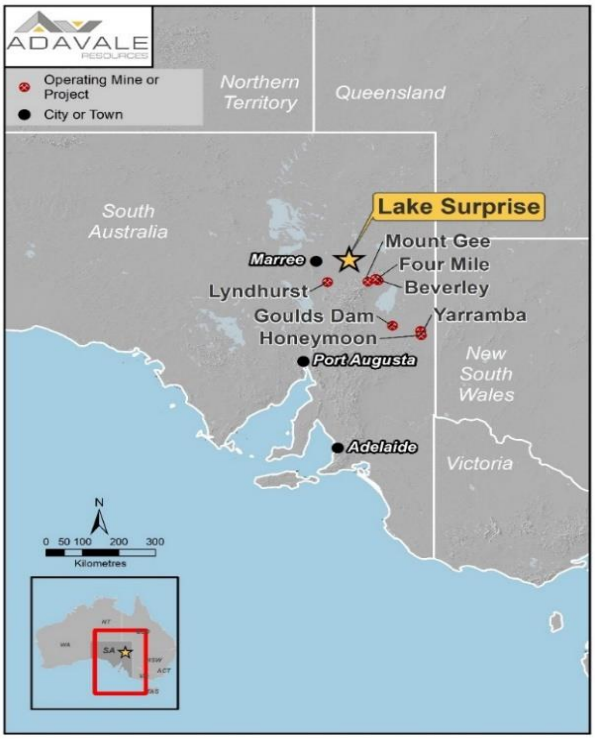
The information in this release that relates to “exploration results” for the Project is based on information compiled or reviewed by Mr David Dodd of MSA, South Africa. Mr Dodd is a consultant for Adavale Resources Limited and is a member of the SACNASP. Mr Dodd has sufficient experience that is relevant 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.

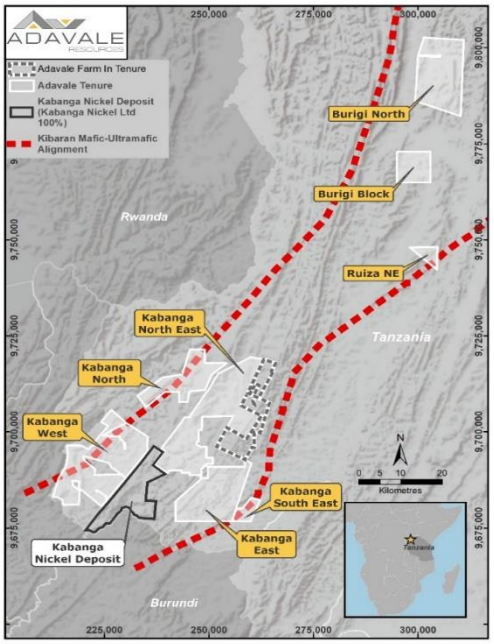
Forward looking statements

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 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 8 highly prospective granted licences covering ~1,168km2 along the Karagwe-Ankolean belt in Tanzania. The four 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 5 southernmost licences, adding a further 99km2 to the portfolio. 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.

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 8 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* *In addition there are two licences with farm-in agreements* *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* *• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *• dip and azimuth of the hole*	**RCDDKNE004** Easting 257823 Northing 9706641 Elevation 1398 Azimuth: 300° Dip: 60° EOH: 300m

Criteria	JORC Code Explanation	Commentary
	• *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.*	**RCDDKNE005** Easting 257581 Northing 97067559 Elevation 1419 Azimuth: 112° Dip: 60° EOH: 300m **RCDDKNE006** Easting 254764 Northing 9677867 Elevation 1481 Azimuth: 134° Dip: 47° EOH: In progress (Intended drillhole orientation, not surveyed hole data/ including deviations)
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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Not applicable
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*	Additional Images will be provided if laboratory results are reported but cross sections have been provided in this announcement.

Criteria	JORC Code Explanation	Commentary
	limited to a plan view of drill hole collar locations and appropriate sectional views.	
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.