

06 September 2017

Elvis Onyura,  
Senior Advisor  
ASX Listings Compliance  
20 Bridge Street  
Sydney NSW 2000

*By E-mail*

Dear Mr Onyura,

**Re: Adavale Resources Limited ('Company'): Appendix 3Y - Change of Directors Interest Notice**

We refer to your letter dated 4 September 2017.

We apologise for the delay in providing the recent Appendix 3Y for Mr Allan Ritchie (the Director), released on 7 August 2017. With specific reference to your queries, the Company advises the following:

**1. Why was the Appendix lodged late?**

The Director neglected to advise the Company of the share purchase in question, as a pure oversight. The Appendix 3Y was prepared and lodged on the same day that the trading was discovered.

**2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?**

The following processes are in place to ensure that the Company is able to meet its disclosure obligations under Listing Rule 3.19A:

- (a) Each member of the Board is informed of ASX disclosure requirements upon their appointment;
- (b) The Company has entered into letters with each of its directors, which places an obligation on the directors to notify the Company of interests and any changes so that ASX Appendices can be lodged. Notification of any changes in a director's direct or indirect interest in Company securities is also required under the Company's market disclosure policy;
- (c) The Company Secretary has instigated a process that places Director Share Trading as a standing item on the Agenda of all Board Meetings so that the obligations of Directors under Listing Rule 3.19A is regularly discussed; and
- (d) Any director wishing to trade in the Company's securities must first obtain the consent to do so from the Chairman or Company Secretary in accordance with the Company's security trading policy. Where approved, the director must continue to



comply with any other requirements set out in that policy in connection with the dealing.

**3. If the current arrangements are inadequate or are not being enforced, what additional steps does the Company intend to take to ensure compliance with Listing Rule 3.19B?**

The Company considers that the current arrangements as recently enhanced to be adequate and notes that the late lodgment of Appendix 3Y was a result of the Director's oversight.

In any case, directors will be re-briefed at the forthcoming board meeting on their obligations and the need to ensure that the Company meets its obligations in respect of ASX Listing Rule 3.19A and 3.19B.

Yours sincerely,

Leanne Ralph  
Company Secretary

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4 September 2017

Ms Leanne Ralph  
Company Secretary  
Adavale Resources Limited  
Level 12  
225 George Street  
Sydney NSW 2000

By Email

Dear Ms Ralph

**Adavale Resources Limited (the “Company”): Appendix 3Y – Change of Director’s Interest Notice**

We refer to the following;

1. The Appendix 3Y lodged by the Company with ASX on Monday, 7 August 2017 for Mr Allan Ritchie (the “Director’s Notice”);
2. Listing Rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

*The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity’s admission or a director’s appointment.*

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

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3. Listing Rule 3.19B which states as follows.

*An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.*

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of Listings Rules 3.19A and 3.19B.

The Appendix 3Y indicates that a change in the Director's initial notifiable interest occurred on 4 May 2017. It appears that the Director's Notice should have been lodged with ASX by 11 May 2017. Consequently, the Company may be in breach of Listing Rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the Listing Rules by listed entities for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the Listing Rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the Listing Rules.

Having regard to Listing Rules 3.19A and 3.19B and Guidance Note 22: *Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities*, under Listing Rule 18.7 we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with Listing Rule 3.19B?

Your response should be sent to me by e-mail. It should not be sent to the ASX Market Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. AEST) on Thursday, 7 September 2017.

Under Listing Rule 18.7A, a copy of this letter and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked.



If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Elvis Onyura  
**Senior Adviser, Listings Compliance (Sydney)**

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