



September 2019 Quarterly Activities Report

Carnavale Resources Limited (“CAV”, “Company” or “Carnavale”) reports on activities completed during the quarter to 30 September 2019.

Exploration activities focussed on the assessment of the Ni-Cu Sulphide potential at the Grey Dam Project near Kalgoorlie, Australia and completion of drilling results and assessment of the Kikagati Tin Project in Uganda.

Grey Dam Nickel-Cobalt (Ni-Co-Cu) Project, Australia

- **Potential for Ni Sulphide deposits similar to the nearby Black Swan and Silver Swan Mines**
- **Two EM targets requiring further assessment**

In late June 2019, Carnavale secured the rights to earn 80% in the adjoining tenement E28/2587 increasing the Company’s overall footprint at the Grey Dam Project (Figure 1). The Grey Dam Project hosts a near surface laterite resource and is also considered prospective for high value Ni-Cu sulphide style mineralisation.

During the quarter and into October, a comprehensive review of the previous exploration data was undertaken on the project area by an external consultant. Subsequent analysis of the data has concluded the two prospective ultramafic/mafic horizons host known Ni-Cu sulphide mineralisation in previous drilling within the project tenements or known Ni sulphides resources along strike and outside of the project, including the Wellington and Acra deposits (Figure 2). The Black Swan and Silver Swan Ni Mines are located 50km to the west of the project and are located on a similar ultramafic/mafic rock sequence.

Previous targeting of Ni-Cu sulphide mineralisation has been limited throughout the Grey Dam project area, yet positive indications of Ni sulphide mineralisation are evident in earlier drilling within E28/1477, including **33m @ 0.43% Ni and 0.73% Co** from 148m, **3m @ 1.14% Ni and 0.04% Co** from 157m and **3m @ 1.18% Ni and 0.015% Co** from 104m (refer to previous ASX release dated 19 March 2018 “New Cobalt Acquisition in Western Australia”). Past EM surveys have also defined at least two significant EM targets that require additional evaluation prior to drill testing.

As exploration progresses, Carnavale intends to complete an additional EM survey over the two partially defined EM targets and selected other targets areas along the prospective stratigraphy. Additional soil sampling is also planned to aid targeting.

Kikagati Tin (Sn) Project, Uganda

- **Carnavale withdraws and ceases exploration on the Kikagati Tin Project**

Follow-up drilling results were completed and assessed from the Hippo Hill target, at the Kikagati Tin Project. Assessment of these new results together with previous drilling results at the Main Kikagati Hill indicate the mineralisation occurs as narrow (<1m) intervals associated with reactivated margins of specific quartz veins. Although numerous veins occur at both prospects and small scale mining is widespread, the narrow nature of mineralisation, geometry and controls on mineralisation has been evaluated and the Company considers the ability and probability of defining a JORC compliant resource will be difficult. Accordingly, the Company has made the difficult decision to withdraw from the project.

New Opportunities

The Company continues to assess new opportunities for high demand metals, such as gold, tin, copper, nickel and cobalt, to supply the increasing demand for technology metals consumed in the rapidly growing batteries, electric motors and electronics industry.



Figure 1 Grey Dam Project showing prospective magnetics trends and E28/2587.
 (Grey Dam JORC 2012 Resource reference: "Grey Dam Ni-Co Mineral Resource Update", 26 February 2019.)

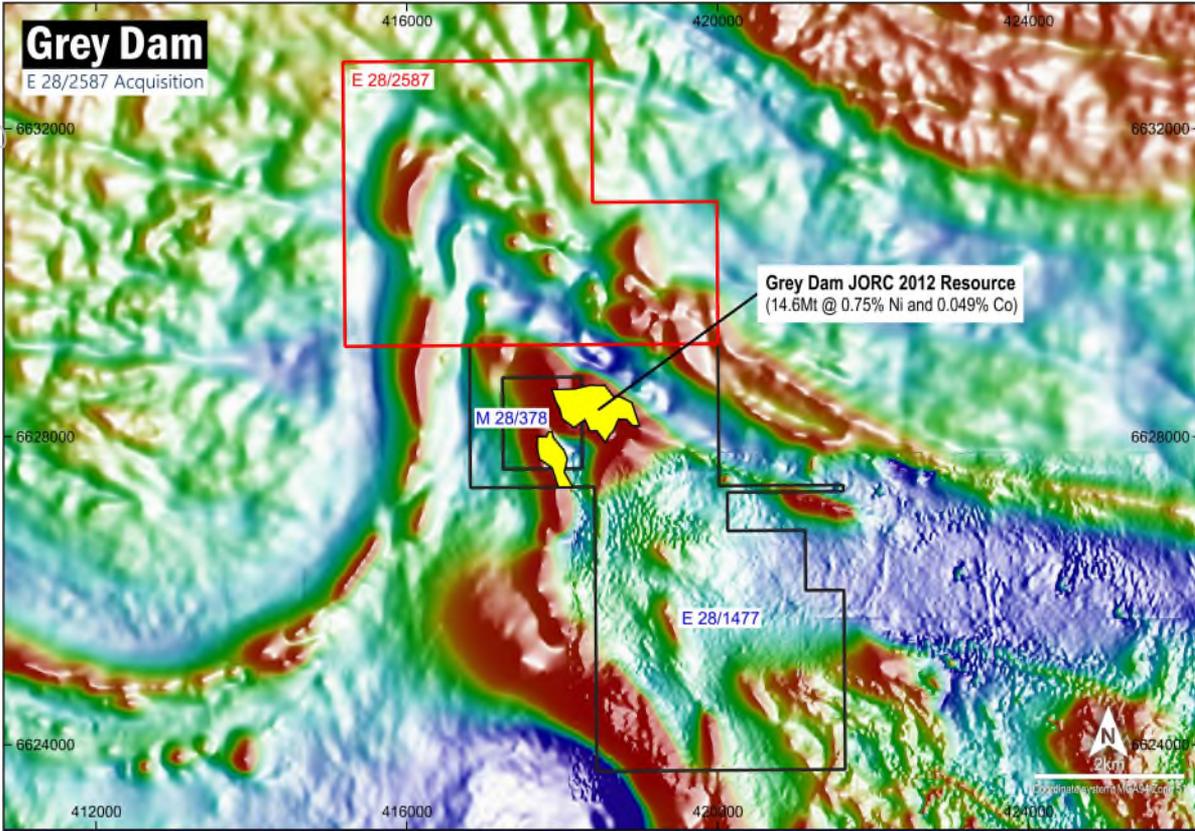
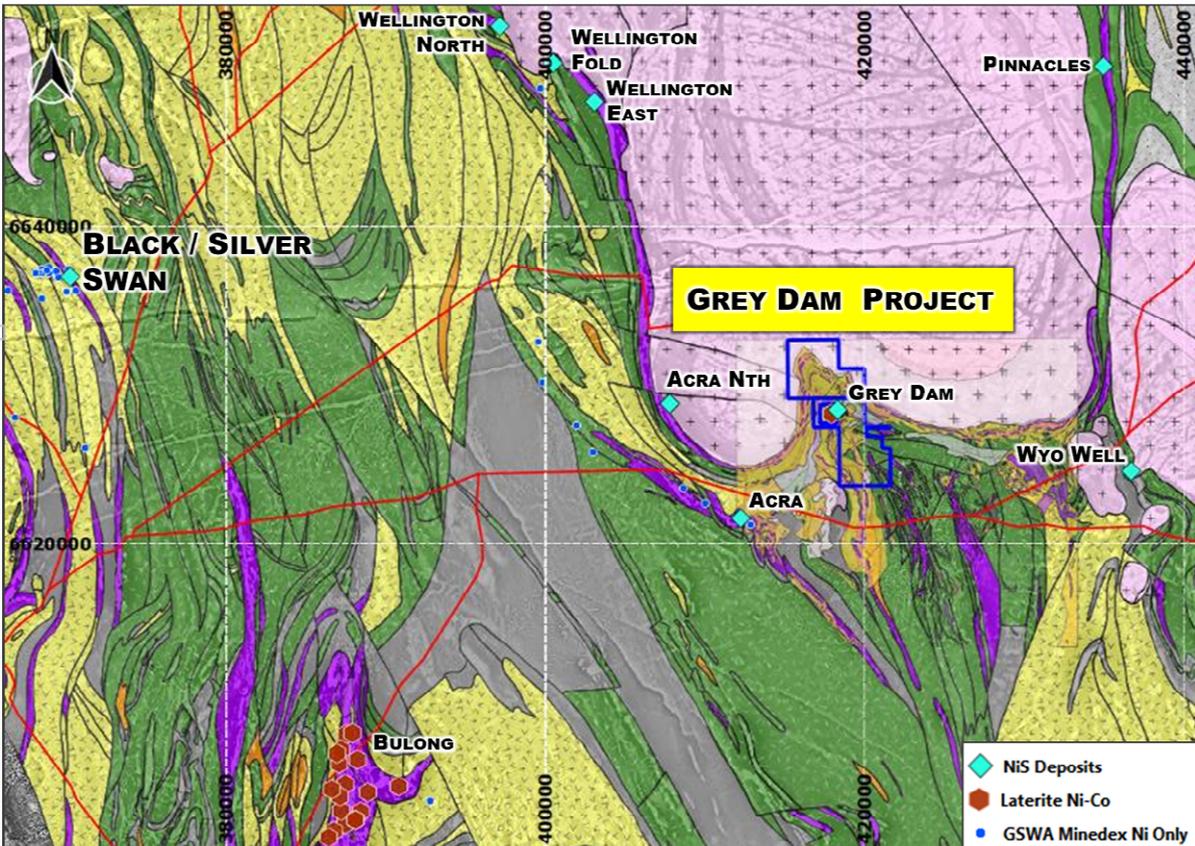


Figure 2 Regional geological setting showing nearby Ni deposits.



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Corporate

In May 2019, Carnavale announced that it would undertake a non-renounceable entitlement issue to existing shareholders on the basis of one share for every one share held at the record date at an issue price of 0.3 cents per share to raise approximately \$2.229 million together with one free attaching option (exercise price 0.7 cents each, expiry date 30 September 2020) for every 2 shares issued ("Rights Issue").

The Rights Issue closed on 19 July 2019 and the Company advised that shareholders subscribed for 389,827,255 shares and 194,913,609 options raising \$1.169 million. In August 2019, under the terms of the Rights Issue, the Company advised that it had placed the majority of the Shortfall Securities raising a further \$1.058 million through the issue of 352,576,814 shares and 176,288,402 options.

In September 2019, the Company announced the appointment of Mr. Klaus Eckhof as a Corporate and Technical Advisor and agreed to issue Mr Eckhof a total of 99 million performance rights with an expiry date of 31 December 2020. Tranche 1, 2 and 3 performance rights (each tranche comprising 33 million performance rights) have a market vesting condition being a daily volume weighted average share price of at least \$0.007, \$0.009 and \$0.011 respectively over a consecutive 15 trading days.

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**Carnavale Competent Person Statement**

The information in this report that relates to the exploration results is an accurate representation of the available data and studies for the project. This information has been assessed and reviewed by Mr. Andrew Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Beckwith is a director of Carnavale. Mr. Beckwith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr. Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Information in this report that relates to Mineral Resources is based on information compiled by Mr. Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Payne is a full-time employee of Payne Geological Services Pty Ltd. Mr. Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information relating to Previous Disclosure

Information relating to Exploration Results and Mineral Resources associated with previous disclosures relating to the Grey Dam Project and the Kikagati Project in this announcement has been extracted from the following ASX announcements:

- New Cobalt Acquisition in Western Australia dated 19 March 2018.
- High grade Nickel-Cobalt defined at Grey Dam, dated 10 October 2018.
- Grey Dam Ni-Co Mineral Resource Update dated 26 February 2019.
- Carnavale expands Nickel-Cobalt footprint at Grey Dam, WA dated 28 June 2019.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Statements regarding Carnavale Resources' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Carnavale Resources' plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Carnavale Resources' will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Carnavale Resources' mineral properties.



Appendix 1

Carnavale Resources Limited (ASX: CAV) provides the following addendum in relation to additional information required by Listing Rule 5.3.3.

Schedule of Mining Tenements, Beneficial Interests and agreements

Held as at the end of the Quarter

Project/Location	Country	Tenement	Percentage held/earning
Grey Dam Project – Western Australia	Australia	M28/378	100%
		E28/1477	100%
		E28/2587	Earning up to 80%
Kikagati Project	Uganda	ML1433, EL1548, EL1380, EL 1771, EL1772, TN2577, TN2584	Earning up to 70%**

* Carnavale has the right to earn up to this level on expending the funds stated in the relevant agreement.

** Carnavale advised subsequent to quarter end, that it had withdrawn from the Option to Earn-In Agreement (Agreement) with African Panther Resources (U) Limited.

Schedule of Mining Tenements, Beneficial Interests and agreements

Acquired during the Quarter

Project/Location	Country	Tenement	Percentage held/earning

Schedule of Mining Tenements, Beneficial Interests and agreements

Disposed of during the Quarter

Project/Location	Country	Tenement	Percentage held/earning