

13 MARCH 2015

## CARNAVALE RESOURCES

(A.C.N 119 450 243)

ASX Code: **CAV**

Shares: 223.7M

Options: 166.5M

Perf Shares 42.0M

Cash: \$1.15M Dec 2014

M.Cap \$2.4M (@ \$0.011)

### Directors

Ron Gajewski (Chairman)

Andrew Beckwith (MD)

Klaus Eckhof (NED)

Rhett Brans (NED)

Carnavale Resources Limited is an exploration and development company based in Perth, Western Australia.

Carnavale has two highly prospective gold-silver-copper projects in Arizona and Nevada, USA.

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### Contact Details

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## Completion of Acquisition

Carnavale Resources Limited (Carnavale) is pleased to advise that it has acquired Tojo Minerals Pty Ltd (Tojo) and will now advance further exploration activities on the Red Hills and Little Butte projects in the USA.

Carnavale has issued Tojo shareholders 21M fully paid shares and 42M performance shares, which will have the right to convert to up to 42M fully paid shares in Carnavale upon the successful completion of the resource based performance milestones. (ASX release "Option to Acquire Gold-Silver-Copper projects in USA, dated 30 July 2015"). Refer to Appendix 1 and 2 for detailed terms and conditions of the performance shares.

An Appendix 3B is attached with respect to the new securities issued and the Company gives notice that:

- it issued the securities without disclosure to investors under Part 6D.2 of the Corporations Act 2001 ("Act");
- this notice is being given under section 708A(5)(e) of the Act;
- as at today's date, the Company has complied with:
  - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
  - (ii) section 674 of the Act; and
- as at today's date there is no other information that is excluded information which is required to be set out in this notice pursuant to section 708A(6)(e) of the Act.

Yours faithfully



Paul Jurman

Company Secretary

### For further information contact:

Andrew Beckwith  
Managing Director  
Carnavale Resources Ltd  
P: 08 9380 9098

Peter Taylor  
Investor Relations  
NWR Communications  
P: +61 (0)412 036 231

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

**Carnavale Resources Limited**

ABN

49 119 450 243

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | <ol style="list-style-type: none"><li>1. Ordinary shares.</li><li>2. Related A Class Performance Shares</li><li>3. Unrelated A Class Performance Shares</li><li>4. Related B Class Performance Shares</li><li>5. Unrelated B Class Performance Shares</li></ol>  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | <ol style="list-style-type: none"><li>1. 21,000,000 Ordinary shares.</li><li>2. 7,103,180 Related A Class Performance Shares</li><li>3. 13,896,820 Unrelated A Class Performance Shares</li><li>4. 7,103,180 Related A Class Performance Shares</li><li>5. 13,896,820 Unrelated A Class Performance Shares</li></ol> |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ol style="list-style-type: none"><li>1. Fully paid ordinary shares ranking equally with existing shares.</li><li>2.-5. Refer to Appendix 1 and 2 for terms and conditions.</li></ol>  |

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+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>1. The ordinary shares rank equally with existing quoted shares (CAV).</p> <p>2.-5. Refer to Appendix 1 and 2 for terms and conditions.</p>
5	Issue price or consideration	Non-cash issue – Securities comprise consideration for the acquisition of 100% of the share capital of Tojo Minerals Pty Ltd (refer ASX announcement dated 30 July 2014).
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued pursuant to settlement of Tojo Implementation Agreement (refer ASX announcement dated 30 July 2014).
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	Yes.
6b	The date the security holder resolution under rule 7.1A was passed	27 November 2014.
6c	Number of +securities issued without security holder approval under rule 7.1	Nil.
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil.

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil.						
6f	Number of +securities issued under an exception in rule 7.2	21,000,000 Ordinary Shares.						
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A.						
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing rule 7.1 – 32,417,802. Listing rule 7.1A –22,278,534.						
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	13 March 2015.						
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>223,785,348*</td> <td>Ordinary Shares (CAV).</td> </tr> <tr> <th>Number</th> <th>+Class</th> </tr> </tbody> </table>	Number	+Class	223,785,348*	Ordinary Shares (CAV).	Number	+Class
Number	+Class							
223,785,348*	Ordinary Shares (CAV).							
Number	+Class							

+ See chapter 19 for defined terms.

9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	166,458,836	Unlisted Options exercisable at 3 cents on or before 30 November 2016.
	7,103,180 Related A Class Performance Shares	13,896,820 Unrelated A Class Performance Shares	Performance Shares converting to fully paid ordinary shares on a 1 for 1 basis on satisfaction of specified conditions
	7,103,180 Related B Class Performance Shares	13,896,820 Unrelated B Class Performance Shares	

\* Includes 16,343,180 ordinary shares that are subject to a voluntary escrow to 28 August 2015 and 720,000 ordinary shares that are subject to a voluntary escrow for a period of six months from issue, expiring on 10 April 2015.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No plans to pay dividends at this stage.
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### Part 2 - Pro rata issue – Not Applicable

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the <sup>+</sup> securities will be offered	
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	
15	<sup>+</sup> Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- |    |   |  |
|----|---|--|
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/><br/>Cross reference: rule 7.7.</small> |  |
| 19 | Closing date for receipt of acceptances or renunciations  |  |
| 20 | Names of any underwriters   |  |
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |
| 23 | Fee or commission payable to the broker to the issue  |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders  |  |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting   |  |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled   |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders   |  |
| 28 | Date rights trading will begin (if applicable)  |  |
| 29 | Date rights trading will end (if applicable)  |  |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker?  |  |

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+ See chapter 19 for defined terms.

- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Issue date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(*tick one*)
- (a)  <sup>+</sup>Securities described in Part 1 – only with respect to ordinary shares.
- (b)  All other <sup>+</sup>securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

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<sup>+</sup> See chapter 19 for defined terms.

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
  - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
  - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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+ See chapter 19 for defined terms.



41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

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42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)

Number	+Class

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+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....Date: 13 March 2015.  
(Director/Company secretary)

Print name: P Jurman

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b><i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i></b>	
<b><i>Insert</i></b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	156,652,964
<p><b><i>Add</i></b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>28,663,202 fully paid ordinary shares issued on 4 August 2014 as part of a private placement to sophisticated investors, shareholder approval given at the general meeting on 26 September 2014.</p> <p>9,780,000 fully paid ordinary shares issued on 14 August 2014 and 720,000 fully paid ordinary shares issued on 10 October 2014 as payment of the Option fee to acquire Tojo Minerals Pty Ltd. Shareholder approval given at the general meeting on 26 September 2014.</p> <p>5,969,182 fully paid ordinary shares issued to Directors, Mr Gajewski and Mr Beckwith on 10 October 2014 as part of a private placement to sophisticated investors, shareholder approval given at the general meeting on 26 September 2014.</p> <p>21,000,000 fully paid ordinary shares issued on 13 March 2015 as settlement of the acquisition to acquire Tojo Minerals Pty Ltd. Shareholder approval given at the general meeting on 26 September 2014.</p>
<b><i>Subtract</i></b> the number of fully paid +ordinary	Nil

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

securities cancelled during that 12 month period	
“A”	222,785,348
<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	33,417,802
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	1,000,000 ordinary shares issued as consideration for consulting services on 11 December 2014.
“C”	<b>1,000,000.</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	33,417,802
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	1,000,000.
<b>Total [“A” x 0.15] – “C”</b>	32,417,802 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	222,785,348
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	22,278,534
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• This applies to equity securities – not just ordinary securities</li> <li>• Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</li> <li>• Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</li> <li>• It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	Nil.
<b>“E”</b>	Nil.
<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	22,278,534
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	Nil.
<b>Total [“A” x 0.10] – “E”</b>	22,278,534. <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

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**APPENDIX 1 – CLASS A PERFORMANCE SHARE TERMS**

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**General rights and obligations**

- (a) **(Class A Performance Shares)** Each Class A Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** The Class A Performance Shares shall confer on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of Shareholders.
- (c) **(No voting rights)** The Class A Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (d) **(No dividend rights)** The Class A Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on winding up)** Holders have no right to participate in surplus profits or assets of the Company upon winding up of the Company in respect to their Class A Performance Shares.
- (f) **(Transferable)** The Class A Performance Shares are not transferable.
- (g) **(Reorganisation of capital)** In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the terms of the Class A Performance Shares will be adjusted to ensure that no advantage or disadvantage accrues to the Holder as a result of the reorganisation compare to other classes of equity securities and in any event in a manner consistent with the Corporations Act and ASX Listing Rules at the time of the reorgnsation.
- (h) **(Application to ASX)** The Class A Performance Shares will not be quoted on ASX. However, upon conversion of the Class A Performance Shares into Shares, the Company must apply for the official quotation on ASX of the Shares arising from the conversion in the time period prescribed by the ASX Listing Rules.
- (i) **(Participation in entitlements and bonus issues)** Holders of Class A Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(No other rights)** The Class A Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

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+ See chapter 19 for defined terms.

**Conversion and redemption terms**

- (k) **(Conversion on achievement of Milestone)** Subject to paragraph (m) and compliance with the Ownership Threshold, conversion of each Class A Performance Share into one Share shall take place within 10 ASX trading days of achievement of the Milestone where this occurs on or before the Expiry Date.
- (l) **(Conversion on Change of Control Event)** Subject to paragraphs (m) and (o) and compliance with the Ownership Threshold, conversion of each Class A Performance Share into one Share shall take place within 10 ASX trading days of the occurrence of a Change of Control Event.
- (m) **(Deferred conversion)** If the conversion of a Class A Performance Share under paragraphs (k) or (l) would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1) of the Corporations Act. Where such conversion is deferred until the Expiry Date the Class A Performance Shares shall be redeemed in the same manner as applying where the Milestone is not achieved by the Expiry Date as set out in paragraph (r).
- (n) **(Notification of contravention)** A Holder shall give written notification to the Company:
  - (i) within 7 days of receipt of a written request from the Company, for which the Company is not obligated to deliver to the Holder, for the Holder to confirm the issue of the Shares on conversion of the Class A Performance Shares to it will not be in contravention of section 606(1) of the Corporations Act; or
  - (ii) in the absence of such a written request from the Company, prior to the date of issue of the Shares on conversion of the Class A Performance Shares,

if it considers the issue of one or more Shares on conversion of their Class A Performance Shares it then holds may result in the contravention of section 606(1) of the Corporations Act and failure to give such a notice will entitle the Company to proceed with the issue of Shares on the assumption there will be no contravention of section 606(1) of the Corporations Act.

- (o) **(Capped conversion)** The issue of Shares pursuant to paragraph (l) when aggregated with all other issues of Shares under any other class of equity security of the Company with a right to conversion on a Change of Control Event is limited to 10% of the total Shares on issue at the date of the Change of Control Event. Where not all Class A Performance Shares are converted because of the application of this paragraph, the Shares will be issued to the Holders in proportion to their respective holdings of the aggregate number of Class A Performance Shares on issue with

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+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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fractional entitlements of each Holder being rounded down to the nearest whole Share. Class A Performance Shares that do not convert into Shares due to this limit will continue to be held by the Holder on the same terms and conditions.

- (p) **(Conversion procedure)** The Company will procure the issue to the Holder of a new holding statement for the Shares within 10 ASX trading days following conversion of the Class A Performance Shares into Shares.
- (q) **(Ranking upon conversion)** The Shares into which the Class A Performance Shares may convert will rank pari passu in all respects with existing Shares.
- (r) **(Redemption if Milestone not achieved)** If the Milestone is not achieved by the Expiry Date, then each Class A Performance Share that remains on issue at the Expiry Date will be automatically redeemed by the Company for the sum of \$0.000001. The amount payable on redemption to a Holder will be rounded to the nearest whole cent after aggregating the amount payable for their holding at the time of redemption with payment due within 10 ASX trading days of the Expiry Date.

#### Definitions

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX (as amended from time to time).

**Change in Control Event** means:

- (a) **(takeover)** a bidder under a takeover bid in respect of the Company made pursuant to Chapter 6 of the Corporations Act announcing:
  - (i) it has received acceptances of more than 50% of the Shares on issue; and
  - (ii) the bid has become unconditional; or
- (b) **(scheme of arrangement)** a Court granting orders approving a compromise or scheme of arrangement for the purposes of or in connection with a scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party. This shall not apply to a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company.

**Company** means Carnavale Resources Limited (ACN 119 450 243).

**Corporations Act** means *Corporations Act 2001 (Cth)* (as amended from time to time).

**Expiry Date** means the date 3 years from the date of issue of the Performance Shares.

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+ See chapter 19 for defined terms.



**Holder** means a holder of Class A Performance Share.

**JORC Code** means the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition)* (as amended from time to time).

**Little Butte Project** means:

- (a) As described in Property Option Agreement dated 31 July 2013 between Tojo and MinQuest Inc. in relation to the Little Butte Project and more specifically Schedules A and D;
- (b) and any other mining tenement or equivalent which may be granted in lieu of or relate to the same ground as the land specified in paragraph (a).

**Milestone** means the first to occur of:

- (a) the delineation of a JORC Code compliant indicated mineral resource of not less than 500,000 ounces of gold or gold equivalent at greater than or equal to 0.8g/tonne gold or gold equivalent in respect of the Little Butte Project by a reputable independent third party engaged by the board of directors of the Company; or
- (b) if a decision to mine is made based on a preliminary feasibility study on the Little Butte Project by a reputable independent third party engaged by the board of directors of the Company after the date of issue of the Class A Performance Shares.

**Ownership Threshold** means the Company holding, whether direct or indirect, at least a 50% interest or a right to at least a 50% interest in the Little Butte Project at the time of achievement of the Milestone or occurrence of the Change of Control Event as the context requires.

**Shareholder** means a holder of a Share.

**Share** means a fully paid ordinary share in the capital of the Company.

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+ See chapter 19 for defined terms.

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## APPENDIX 2 – CLASS B PERFORMANCE SHARE TERMS

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### *General rights and obligations*

- (a) **(Class B Performance Shares)** Each Class B Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** The Class B Performance Shares shall confer on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of Shareholders.
- (c) **(No voting rights)** The Class B Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (d) **(No dividend rights)** The Class B Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on winding up)** Holders have no right to participate in surplus profits or assets of the Company upon winding up of the Company in respect to their Class B Performance Shares.
- (f) **(Transferable)** The Class B Performance Shares are not transferable.
- (g) **(Reorganisation of capital)** In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the terms of the Class B Performance Shares will be adjusted to ensure that no advantage or disadvantage accrues to the Holder as a result of the reorganisation compare to other classes of equity securities and in any event in a manner consistent with the Corporations Act and ASX Listing Rules at the time of the reorganisation.
- (h) **(Application to ASX)** The Class B Performance Shares will not be quoted on ASX. However, upon conversion of the Class B Performance Shares into Shares, the Company must apply for the official quotation on ASX of the Shares arising from the conversion in the time period prescribed by the ASX Listing Rules.
- (i) **(Participation in entitlements and bonus issues)** Holders of Class B Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(No other rights)** The Class B Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

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+ See chapter 19 for defined terms.

**Conversion and redemption terms**

- (k) **(Conversion on achievement of Milestone)** Subject to paragraph (m) and compliance with the Ownership Threshold, conversion of each Class B Performance Share into one Share shall take place within 10 ASX trading days of achievement of the Milestone where this occurs on or before the Expiry Date.
- (l) **(Conversion on Change of Control Event)** Subject to paragraphs (m) and (o) and compliance with the Ownership Threshold, conversion of each Class B Performance Share into one Share shall take place within 10 ASX trading days of the occurrence of a Change of Control Event.
- (m) **(Deferred conversion)** If the conversion of a Class B Performance Share under paragraphs (k) or (l) would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1) of the Corporations Act. Where such conversion is deferred until the Expiry Date the Class B Performance Shares shall be redeemed in the same manner as applying where the Milestone is not achieved by the Expiry Date as set out in paragraph (r).
- (n) **(Notification of contravention)** A Holder shall give written notification to the Company:
  - (i) within 7 days of receipt of a written request from the Company, for which the Company is not obligated to deliver to the Holder, for the Holder to confirm the issue of the Shares on conversion of the Class B Performance Shares to it will not be in contravention of section 606(1) of the Corporations Act; or
  - (ii) in the absence of such a written request from the Company, prior to the date of issue of the Shares on conversion of the Class B Performance Shares,

if it considers the issue of one or more Shares on conversion of their Class B Performance Shares it then holds may result in the contravention of section 606(1) of the Corporations Act and failure to give such a notice will entitle the Company to proceed with the issue of Shares on the assumption there will be no contravention of section 606(1) of the Corporations Act.

- (o) **(Capped conversion)** The issue of Shares pursuant to paragraph (l) when aggregated with all other issues of Shares under any other class of equity security of the Company with a right to conversion on a Change of Control Event is limited to 10% of the total Shares on issue at the date of the Change of Control Event. Where not all Class B Performance Shares are converted because of the application of this paragraph, the Shares

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+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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will be issued to the Holders in proportion to their respective holdings of the aggregate number of Class B Performance Shares on issue with fractional entitlements of each Holder being rounded down to the nearest whole Share. Class B Performance Shares that do not convert into Shares due to this limit will continue to be held by the Holder on the same terms and conditions.

- (p) **(Conversion procedure)** The Company will procure the issue to the Holder of a new holding statement for the Shares within 10 ASX trading days following conversion of the Class B Performance Shares into Shares.
- (q) **(Ranking upon conversion)** The Shares into which the Class B Performance Shares may convert will rank pari passu in all respects with existing Shares.
- (r) **(Redemption if Milestone not achieved)** If the Milestone is not achieved by the Expiry Date, then each Class B Performance Share that remains on issue at the Expiry Date will be automatically redeemed by the Company for the sum of \$0.000001. The amount payable on redemption to a Holder will be rounded to the nearest whole cent after aggregating the amount payable for their holding at the time of redemption with payment due within 10 ASX trading days of the Expiry Date.

#### Definitions

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX (as amended from time to time).

**Change in Control Event** means:

- (a) **(takeover)** a bidder under a takeover bid in respect of the Company made pursuant to Chapter 6 of the Corporations Act announcing:
  - (i) it has received acceptances of more than 50% of the Shares on issue; and
  - (ii) the bid has become unconditional; or
- (b) **(scheme of arrangement)** a Court granting orders approving a compromise or scheme of arrangement for the purposes of or in connection with a scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party. This shall not apply to a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company.

**Company** means Carnavale Resources Limited (ACN 119 450 243).

**Corporations Act** means *Corporations Act 2001 (Cth)* (as amended from time to time).

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+ See chapter 19 for defined terms.

**Expiry Date** means the date 4 years from the date of issue of the Performance Shares.

**Holder** means a holder of Class B Performance Share.

**JORC Code** means the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition)* (as amended from time to time).

**Milestone** means the first to occur of:

- (a) the delineation of a JORC Code compliant indicated mineral resource of not less than 500,000 ounces of gold or gold equivalent at greater than or equal to 0.8g/tonne gold or gold equivalent in respect of the Red Hills Project by a reputable independent third party engaged by the board of directors of the Company; or
- (b) if a decision to mine is made based on a preliminary feasibility study on the Red Hills Project by a reputable independent third party engaged by the board of directors of the Company after the date of issue of the Class B Performance Shares.

**Ownership Threshold** means the Company holding, whether direct or indirect, at least a 50% interest or a right to at least a 50% interest in the Red Hills Project at the time of achievement of the Milestone or occurrence of the Change of Control Event as the context requires.

**Red Hills Project** means:

- (a) Option Agreement dated 15 August 2013 between Tojo, Columbus Gold (U.S.) Corporation, Columbus Gold Corp. and Cordilleran Exploration Company, LLC in relation to the Red Hills Property and more specifically Schedules A and B; and
- (b) and any other mining tenement or equivalent which may be granted in lieu of or relate to the same ground as the land specified in paragraph (a);

**Shareholder** means a holder of a Share.

**Share** means a fully paid ordinary share in the capital of the Company.

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+ See chapter 19 for defined terms.