

ASX Release

New Cobalt Acquisition in Western Australia

Carnavale Resources Limited (ASX: CAV) is pleased to advise the Company has executed a binding agreement to acquire 100% of the **Grey Dam Project**, located near Kurnalpi approximately 90km northeast of Kalgoorlie, Western Australia.

- **Grey Dam - prospective for shallow high-grade cobalt mineralisation** with numerous encouraging high-grade cobalt intercepts in previous drill intercepts and a shallow laterite nickel-cobalt resource already defined with substantial exploration potential remaining to be tested.
- Focus initially on along strike extensional and infill drilling of the known shallow robust cobalt zones prior to upgrading the existing JORC 2004 resource estimate*. Additional shallow diamond drilling program planned for metallurgical purposes.
- **Encouraging Cobalt rich zones** (>0.20% Co) in previous drilling include:

20m @ 0.24% Co from 12m

8m @ 0.22% Co from 8m

7m @ 0.31% Co from 14m

11m @ 0.20% Co from 10m

8m @ 0.20% Co from 28m

8m @ 0.33% Co from 24m

6m @ 0.20% Co from 28m

- Mineralisation occurs as broad, shallow and flat lying remobilized supergene zones which remain open in many areas
- **4km of prospective ultramafic sequence to be tested.**
- **Potential for low strip ratio open pit mining scenario**

Further potential is also evident with:

- Encouraging deeper Ni-Co sulphide previous reported drilling results near untested EM targets.

33m @ 0.43% Ni and 0.73% Co from 148m

3m @ 1.14% Ni and 0.04% Co from 157m

3m @ 1.18% Ni and 0.015% Co from 104m

- Structural gold potential to be further investigated.

5m @ 5.74g/t Au

4m @ 7.02g/t Au

4m @ 14.26g/t Au

4m @ 11.12g/t Au

- Plans finalised for a capital raising of up to \$1,292,000.

*** Cautionary Statements**

Carnavale highlights that the Grey Dam Project Resource Estimates were prepared by former owners of the project and do not necessarily conform to the JORC Code (2012) reporting standards. However, they are stated in this release as the defined resources are considered “material” under ASX Listing Rule 3.1.

The Information in this report that relates to Exploration Results and Mineral Resources for the Grey Dam Project have been completed and compiled by the previous project owners. Carnavale, its staff, consultants or the Competent Persons take no responsibility for the accuracy of the Information. However, Carnavale and its consultants have completed due diligence reviews of the Information and consider the Exploration Results and Mineral Estimates fairly represent the mineralisation associated with the Grey Dam Project and further expect detailed evaluation of the previous owner’s data will allow reporting of the Information to JORC 2012 standards at a future date.

Carnavale also highlights that it has not completed any new work on any of the resource models or estimates, except for the initial review, and cannot guarantee the stated Grey Dam Project resources will be able to be reported in accordance with the JORC Code (2012) at any time in the future. Accordingly, Carnavale cautions investors that the Company has not yet done sufficient work to be able to verify the former owner’s results or estimates in accordance with the updated standards set out in the JORC Code (2012). While nothing has come to the attention of the Company to question the reliability of the results or estimates prepared by the former owner, the Company is not to be regarded as reporting, adopting or endorsing those results or estimates.

Carnavale has engaged an independent resource consultant who has reviewed the original drilling data and previous resource report as completed by the previous independent Australian resource consultant and considers there are no material discrepancies to the stated resources. There has been no significant further work on the nickel cobalt mineralisation since this resource report was completed that would provide a material change to the resource estimate.

As Carnavale advances the Grey Dam Project exploration and evaluation during the course of this calendar year, it is the Company’s intention to carry out further drill testing and assessment of the nickel and cobalt mineralisation with an aim to evaluate and update the resource estimates to JORC Code (2012) standards wherever appropriate. These programs will be funded from the Company’s existing working capital and the capital raising announced in this release.

Investors should note that even when these steps are undertaken, there is uncertainty that the Company will be able to report exploration results or estimates of resources or reserves in accordance with the JORC Code (2012).

Carnavale Competent Person Statement

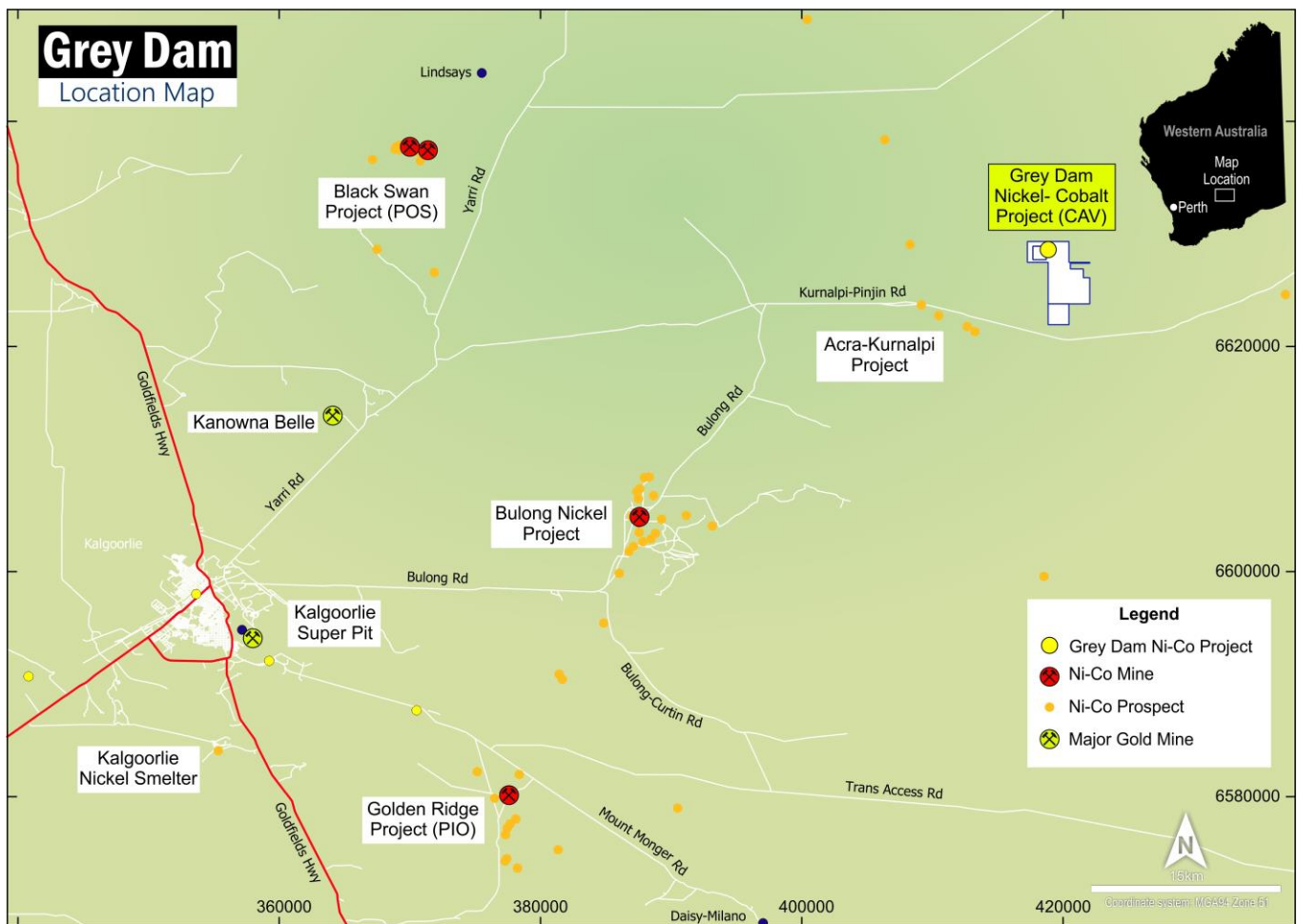
The information in this report that relates to the exploration results and mineral resource estimates for the Grey Dam project is an accurate representation of the available data and studies for the Grey Dam project. This information has been reviewed by Mr Andrew Beckwith, a Competent Person who is 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.

GREY DAM PROJECT

The Grey Dam Project is located near Kurnalpi, approximately 90km northeast of Kalgoorlie, Western Australia (Figure 1). The project hosts a shallow, oxide laterite nickel-cobalt resource (JORC 2004) together with a number of encouraging deeper nickel-cobalt drilling intersections associated with fresh sulphide mineralisation. Carnavale's attraction to the project, centres on the extensive cobalt zones, many with high grades (>0.12% Co), defined within earlier drilling and the along strike exploration potential, with some 4km of prospective ultramafic sequence occurring on the project tenements.

The rapid and sustained forecast growth in electric vehicles and associated battery demand has fueled a significant price rise in cobalt (circa US\$87,000 / t). Cobalt is one of the select metals in high demand for batteries. Carnavale considers the shallow high-grade cobalt mineralisation at Grey Dam has the potential for near term and significant resource extensions and the shallow nature of the mineralisation may provide a short pathway to subsequent mining and production.

Figure 1 Grey Dam Nickel - Cobalt Project Location

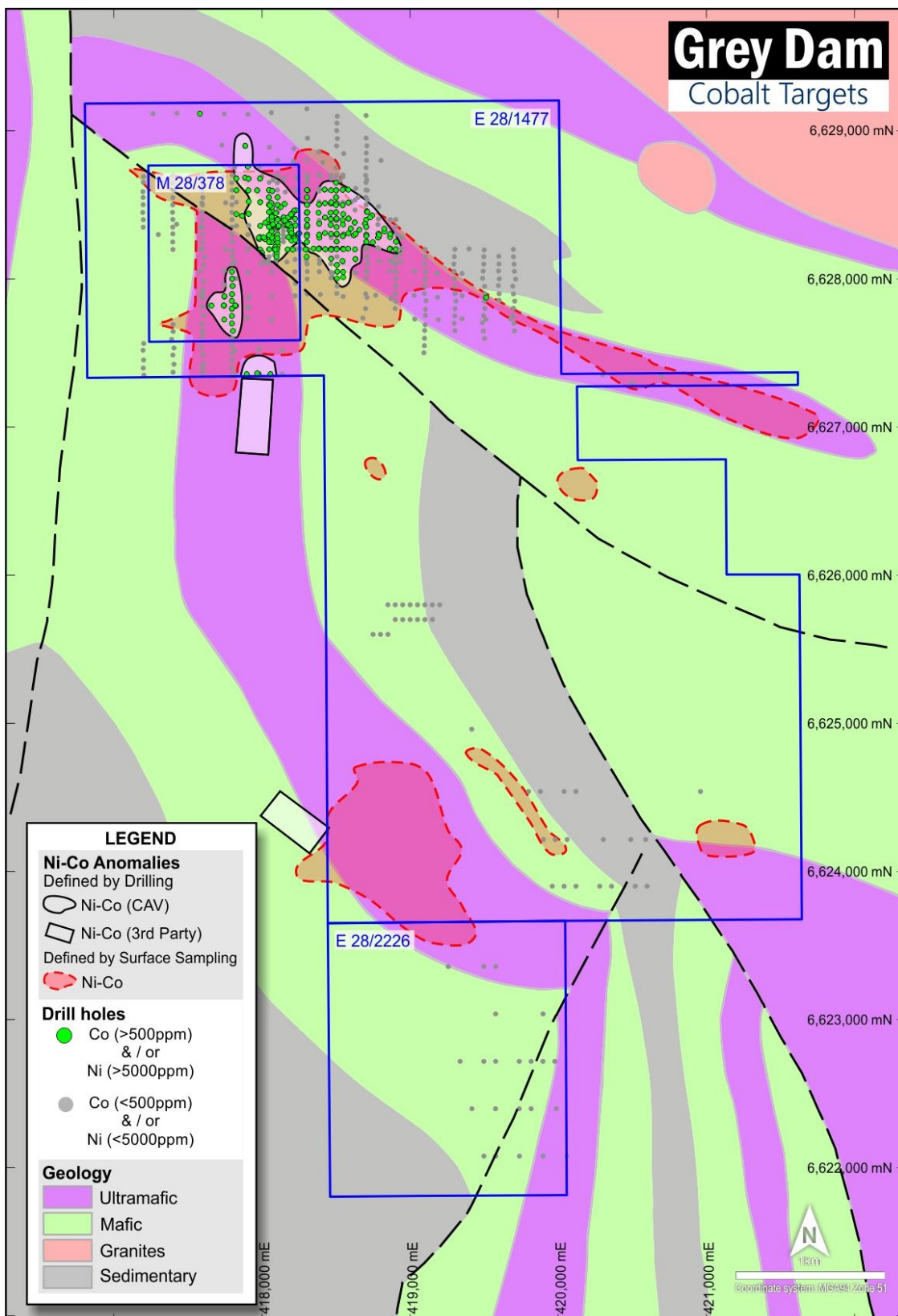


HIGH GRADE COBALT

Previous drilling and Ni-Co results on the project are presented in Figure 2 and in Tables 1, 3 and 4. Significantly, numerous intersections of shallow nickel-cobalt laterite mineralisation are highlighted in the northern portion of E28/1477 and M28/378, where the drilling occurs over a portion of the interpreted ultramafic sequence. In 2009, a JORC (2004) resource estimate was completed for this area of drilling (see below).

The supergene Co-Ni mineralisation occurs as remobilized sub-horizontal nickel and cobalt zones hosted within the highly weathered bedrock above a sequence of ultramafic rocks which are interpreted to represent the original bedrock source of the remobilized nickel and cobalt before weathering occurred. The ultramafic sequence is interpreted to extend over approximately 4km of strike within the tenement area, much of which remains largely untested.

Figure 2 Grey Dam drilling locations, showing high grade Ni and Co zones in drilling



The nickel laterite mineralisation occurs as relatively thick sub-horizontal zones ranging from 3-30m thick from approximately near surface up to 50m depth. Within this broader nickel zone, the cobalt occurs in a distinct internal sub-horizontal horizon closer to surface at approximately 10-30m depth (see red domain in Fig 3).

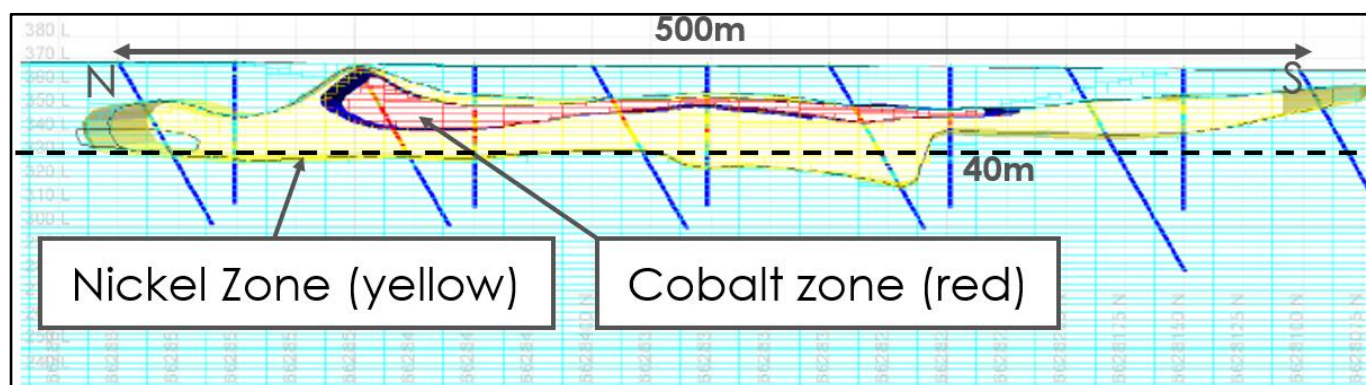
Figure 2 also highlights areas of anomalous Co and/or Ni results from historical surface sampling and importantly shows a large target area over interpreted ultramafic sequence in the southwestern corner of E28/1477 and the northern portions of E28/2226. This area will be a priority for initial drill testing.

Overall, the project area is considered prospective for the discovery of large, shallow, flat-lying, remobilised Ni-Co laterite style orebodies which may host significant high-grade Co mineralisation. This prospectivity is also supported by drilling results recently reported by Mithril Resources Limited (ASX: MTH) on the adjacent tenement (refer to 3rd party areas in Fig 2) immediately south of the Grey Dam Ni-Co resource area.

Table 1 Selected high-grade Cobalt drilling intersections (>0.18% Co)

Hole_ID	E	N	RL	Type	Depth_from (m)	Length (m)	Ni %	Co%
CAC113	418,427	6,628,201	367	AC	12	20	0.56	0.24
GDAC075	417,798	6,628,000	363	AC	12	8	1.11	0.22
GDAC076	417,802	6,627,953	363	AC	9	3	1.10	0.18
GDD05	418,090	6,628,216	367	DDH	14	7	0.71	0.31
GDRC013	418,103	6,628,201	368	RC	10	11	1.55	0.20
GDRC023	418,065	6,628,249	366	RC	20	4	1.12	0.20
GDRC054	418,198	6,628,330	366	RC	16	7	0.91	0.18
GDRC055	418,200	6,628,310	366	RC	148	3	0.43	0.73
KURA167	417,746	6,627,883	364	AC	9	5	0.46	0.20
KURA220	418,626	6,628,381	368	AC	16	4	1.35	0.18
KURA223	418,696	6,628,373	369	AC	16	21	0.68	0.18
KURA360	417,908	6,628,598	365	AC	28	8	1.00	0.20
KURA362	417,988	6,628,518	365	AC	24	8	0.97	0.33
KURC 22	417,968	6,627,363	365	RC	28	6	1.78	0.20
KURC 24	418,657	6,628,332	369	RC	20	14	1.01	0.18

Figure 3 Grey Dam representative Cross Section showing sub-horizontal nickel zone with internal cobalt zone (from 2009 resource report).



PREVIOUS INFERRED Ni-Co RESOURCE ESTIMATE

In 2009, the previous owner, completed a resource estimate on the shallow laterite Ni-Co mineralisation within and adjacent to M28/378. The resource estimate was completed to JORC 2004 reporting standards and is therefore considered non-compliant to current JORC 2012 reporting standards. Carnavale and an independent resource consultant have reviewed the drilling data and resource estimate report and consider this resource and reported mineralisation is representative of the mineralisation and data to date. Carnavale is not aware of any new drilling data that would materially change the estimate.

Grey Dam Inferred Ni-Co resource estimate (non-compliant JORC 2004*)

14.5Mt @ 0.70% Ni and 0.046 % Co (based on a 0.4% Ni cutoff grade).

5.2Mt @ 0.94% Ni and 0.08% Co (based on a 0.7% Ni cutoff grade).

1.8Mt @ 1.16% Ni and 0.11% Co (based on a 1.0% Ni cutoff grade).

(Resource estimate completed by Golder and Associates in 2009)

An important aspect of the resource estimate is that the cobalt grade has been diluted to a significantly lower grade in the overall total resource statement since the cobalt was included within the broader nickel domains. Carnavale intends to complete additional infill and extensional drilling prior to remodelling the cobalt zones independently to the nickel zones and provide a clearer estimate of the cobalt rich zones.

Carnavale considers the significant change in the cobalt metal price since 2009 (circa \$50,000/t) and even lower in period 2012-2013 (circa \$25,000/t) requires a review of the potential economics of the shallow oxide resources at Grey Dam. Accordingly, a program of shallow diamond drill holes will be planned to test the cobalt and nickel zones for recovery and potential mining evaluations.

PEER COMPARISON

Carnavale also notes other ASX listed companies are assessing similar laterite Ni-Co resources within Australia, with various processing facilities being evaluated. Although the existing Grey Dam resource is relatively small, when compared to the other deposits being evaluated, the scope to expand the resource with further exploration drilling is compelling.

Table 2 ASX listed companies evaluating similar laterite Ni-co deposits in Australia

Company	ASX Code	Project	Tonnes (Mt)	Ni (%)	Co (%)	Ni Metal	Co Metal	Market Cap (M\$)
Ardea Resources	ARL	KNP	773	0.71	0.05	5,458,400	405,400	121
Metals x	MLX	Wingellina	216	0.91	0.07	1,953,000	151,060	520
Jervois Mining	JRV	Young	168	0.59	0.06	996,700	96,600	100
Clean Teq	CLQ	Syerston	101	0.59	0.13	593,000	132,000	770
Australian mines	AUZ	Sconi	89	0.58	0.06	514,000	54,500	270
GME	GME	NiWest	81	1.03	0.06	830,000	27,000	74
Barra Resources / Conico	BAR/CNJ	Mt Thirsty	32	0.55	0.13	175,670	41,522	34
Collerina Cobalt	CLL	Collerina	27	0.80	0.05	217,600	13,600	76
CARNAVALE	CAV	GREY DAM	15	0.70	0.05	101,500	6,612	10

AGREEMENT TERMS

Carnavale has executed a sale and purchase agreement to acquire 100% of the Grey Dam Project tenements, E28/1477, E28/2226 and M 28/378, subject only to ministerial consent, for a total consideration of \$110,000 payable in cash.

** Note- E28/2226 is under a statutory extension of term application and Carnavale cautions this tenement may not be renewed under this statutory process.*

CAPITAL RAISING

Carnavale has entered into a corporate advisory and capital raising mandate (“Mandate”) with Cicero Advisory Services Pty Ltd (“Cicero”). To fund the acquisition noted above and for ongoing working capital, Carnavale will issue up to 76 million fully paid shares (“Shares”) at an issue price of \$0.017 per Share to raise approximately \$1,292,000 (before costs of the issue). This issue will comprise two tranches:

- Up to 70 million Shares will be issued immediately pursuant to CAV’s existing placement capacity under Listing Rule 7.1A (57 million Shares) and Listing Rule 7.1 (13 million Shares); and
- Up to 6 million Shares to be issued subject to shareholder approval, to Directors of Carnavale, at a meeting planned in late April 2018.

Under the terms of the Mandate, Carnavale has received firm commitments for the full \$1.292 million and the 1st tranche of the capital raising is expected to settle on or around 21 March 2018.

References

Mithril Resources Limited, 12 December 2017 “High Grade nickel-cobalt identified at Kurnalpi”

KalNorth Gold Mines Limited, 25 October 2013 “KalNorth secures nickel rights at Grey Dam”

Condor Nickel Limited (Golder and Associates report), 31 March 2010, “Grey Dam Nickel Resource”

KalNorth, 25 November 2008, “Exciting new gold targets”

For further information contact:

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Director

Table 3 Cobalt intersections >0.12% Co (minimum 3m down hole interval, maximum 2m internal dilution)

Hole_ID	E	N	RL	Type	Depth_from (m)	Length (m)	Ni %	Co%
CAC098	418,545	6,628,499	371	AC	28	4	0.80	0.13
CAC110	418,466	6,628,510	370	AC	8	16	1.06	0.14
CAC113	418,427	6,628,201	367	AC	12	20	0.56	0.24
GDAC075	417,798	6,628,000	363	AC	12	8	1.11	0.22
GDAC076	417,802	6,627,953	363	AC	9	3	1.10	0.18
GDAC116	418,047	6,628,296	366	AC	20	13	0.82	0.12
GDAC117	418,048	6,628,250	366	AC	14	9	0.76	0.13
GDD05	418,090	6,628,216	367	DDH	14	7	0.71	0.31
GDRC002	418,197	6,628,436	366	RC	15	5	0.78	0.13
GDRC013	418,103	6,628,201	368	RC	10	11	1.55	0.20
GDRC014	418,105	6,628,227	367	RC	16	8	0.86	0.14
GDRC015	418,105	6,628,250	367	RC	16	9	1.30	0.16
GDRC022	418,049	6,628,200	367	RC	0	12	0.77	0.17
GDRC022	418,049	6,628,200	367	RC	20	8	1.41	0.14
GDRC023	418,065	6,628,249	366	RC	20	4	1.12	0.20
GDRC024	418,065	6,628,298	366	RC	20	12	0.88	0.13
GDRC040	418,019	6,628,268	365	RC	21	11	1.00	0.13
GDRC054	418,198	6,628,330	366	RC	16	7	0.91	0.18
GDRC055	418,200	6,628,310	366	RC	148	3	0.43	0.73
GDRC060	418,304	6,628,300	367	RC	22	6	0.89	0.14
GDRC061	418,304	6,628,400	367	RC	16	6	0.94	0.16
GDRC067	418,505	6,628,095	369	RC	2	8	1.16	0.12
GDRC068	418,504	6,628,201	369	RC	17	3	0.58	0.15
GDRC081	418,501	6,628,551	371	RC	22	9	1.62	0.20
GDRC084	418,504	6,628,252	369	RC	14	7	1.39	0.16
GDRC095	418,704	6,628,351	372	RC	19	19	0.83	0.15
GDRC096	418,705	6,628,299	372	RC	16	7	0.89	0.13
GDRC133	418,252	6,628,307	367	RC	15	13	0.74	0.13
KURA167	417,746	6,627,883	364	AC	9	5	0.46	0.20
KURA186	417,910	6,628,677	365	AC	34	16	0.86	0.15
KURA188	418,069	6,628,595	366	AC	4	14	0.80	0.15
KURA189	418,063	6,628,513	366	AC	22	16	0.81	0.15
KURA203	417,887	6,628,899	365	AC	35	3	0.85	0.15
KURA213	418,463	6,628,447	368	AC	18	14	1.11	0.15
KURA220	418,626	6,628,381	368	AC	16	4	1.35	0.18
KURA223	418,696	6,628,373	369	AC	16	21	0.68	0.18
KURA267	417,824	6,627,819	364	AC	12	4	0.78	0.15
KURA343	418,303	6,628,447	367	AC	16	4	1.03	0.13
KURA360	417,908	6,628,598	365	AC	28	8	1.00	0.20
KURA362	417,988	6,628,518	365	AC	24	8	0.97	0.33
KURA373	418,085	6,628,200	366	AC	8	16	0.88	0.13
KURA379	417,905	6,628,758	365	AC	24	8	0.78	0.13
KURC 22	417,968	6,627,363	365	RC	28	6	1.78	0.20

Hole_ID	E	N	RL	Type	Depth_from (m)	Length (m)	Ni %	Co%
KURC 24	418,657	6,628,332	369	RC	10	4	0.63	0.17
KURC 24	418,657	6,628,332	369	RC	20	14	1.01	0.18
KURC 9	418,785	6,628,280	369	RC	10	14	0.41	0.12
KURC25	418,632	6,628,304	368	RC	10	4	1.11	0.16
KURC39	418,711	6,628,453	369	RC	4	4	0.34	0.17
SNP03	418,155	6,628,395	366	RC	35	5	0.86	0.14
SNP06	417,982	6,628,270	364	RC	14	3	0.83	0.16
SNP07	418,012	6,628,281	364	RC	12	11	0.45	0.13
SNP13	418,091	6,628,198	366	RC	9	19	1.07	0.14
SNP16	417,820	6,627,822	362	RC	10	6	0.71	0.14
SNP20	418,053	6,628,494	364	RC	31	19	0.81	0.13

Table 4 Nickel intersections >0.8% Ni (minimum 3m down hole interval, maximum 2m internal dilution)

Hole_ID	E	N	RL	Type	Depth_from (m)	Length (m)	Ni %	Co%
CAC099	418,546	6,628,602	371	AC	20	8	0.89	0.07
CAC103	418,504	6,628,408	369	AC	12	4	1.07	0.05
CAC104	418,505	6,628,510	371	AC	20	16	0.81	0.05
CAC110	418,466	6,628,510	370	AC	8	16	1.06	0.14
CAC110	418,466	6,628,510	370	AC	28	12	0.87	0.03
CAC113	418,427	6,628,201	367	AC	40	4	0.93	0.02
CAC115	418,425	6,628,415	369	AC	16	17	0.80	0.04
CAC118	418,386	6,628,206	367	AC	12	4	0.88	0.04
GDAC111	418,047	6,628,551	365	AC	23	29	0.91	0.05
GDAC112	418,047	6,628,501	365	AC	26	23	0.85	0.05
GDAC113	418,048	6,628,451	365	AC	25	18	0.81	0.04
GDAC115	418,047	6,628,352	365	AC	53	3	0.84	0.05
GDD01	418,177	6,628,416	366	DDH	15	6	1.02	0.03
GDD01	418,177	6,628,416	366	DDH	24	13.8	0.90	0.06
GDRC011	418,098	6,628,150	367	RC	0	28	1.13	0.05
GDRC013	418,103	6,628,201	368	RC	8	28	1.17	0.10
GDRC015	418,105	6,628,250	367	RC	16	24	0.90	0.09
GDRC022	418,049	6,628,200	367	RC	4	32	0.91	0.10
GDRC023	418,065	6,628,249	366	RC	20	16	0.82	0.08
GDRC025	418,065	6,628,322	366	RC	21	27	0.86	0.06
GDRC028	418,066	6,628,419	365	RC	28	19	1.12	0.06
GDRC033	418,187	6,628,372	366	RC	16	20	0.84	0.10
GDRC036	418,066	6,628,425	365	RC	29	27	0.86	0.04
GDRC039	418,113	6,628,359	366	RC	42	24	0.91	0.05
GDRC040	418,019	6,628,268	365	RC	22	32	0.91	0.06
GDRC043	418,200	6,628,431	366	RC	9	12	0.98	0.03
GDRC053	418,196	6,628,349	366	RC	15	7	0.85	0.10
GDRC054	418,198	6,628,330	366	RC	16	7	0.91	0.18
GDRC055	418,200	6,628,310	366	RC	23	6	0.90	0.05

Hole_ID	E	N	RL	Type	Depth_from (m)	Length (m)	Ni %	Co%
GDR061	418,304	6,628,400	367	RC	16	22	0.86	0.06
GDR062	418,304	6,628,500	368	RC	0	47	1.05	0.05
GDR067	418,505	6,628,095	369	RC	0	31	0.88	0.06
GDR068	418,504	6,628,201	369	RC	24	22	0.81	0.07
GDR071	418,500	6,628,498	370	RC	18	28	0.93	0.08
GDR072	418,500	6,628,598	370	RC	33	15	1.14	0.06
GDR081	418,501	6,628,551	371	RC	16	34	1.18	0.08
GDR084	418,504	6,628,252	369	RC	14	11	1.11	0.12
GDR086	418,508	6,628,050	369	RC	1	31	0.81	0.04
GDR094	418,703	6,628,400	372	RC	7	20	0.91	0.03
GDR120	418,304	6,628,249	367	RC	19	7	1.09	0.04
GDR122	418,305	6,628,449	367	RC	14	23	0.96	0.06
GDR130	418,230	6,628,285	366	RC	23	7	0.81	0.04
GDR130	418,230	6,628,285	366	RC	157	3	1.14	0.04
KURA186	417,910	6,628,677	365	AC	34	18	0.81	0.14
KURA213	418,463	6,628,447	368	AC	15	22	0.93	0.11
KURA215	418,547	6,628,367	368	AC	20	8	0.91	0.03
KURA220	418,626	6,628,381	368	AC	12	36	1.17	0.05
KURA223	418,696	6,628,373	369	AC	30	17	0.81	0.05
KURA338	418,383	6,628,203	367	AC	16	8	0.97	0.07
KURA341	418,303	6,628,289	367	AC	16	8	0.82	0.11
KURA347	418,468	6,628,518	368	AC	4	32	0.90	0.05
KURA357	417,987	6,628,678	365	AC	20	12	0.93	0.04
KURA358	417,827	6,628,678	365	AC	36	8	0.92	0.03
KURA361	417,968	6,628,598	365	AC	24	12	0.93	0.07
KURA362	417,988	6,628,518	365	AC	24	12	0.85	0.23
KURA366	417,988	6,628,358	365	AC	24	23	0.83	0.06
KURA369	418,067	6,628,278	366	AC	20	16	0.81	0.07
KURA379	417,905	6,628,758	365	AC	24	20	0.82	0.06
KURA392	418,057	6,627,358	365	AC	20	20	0.82	0.02
KURC 22	417,968	6,627,363	365	RC	24	42	1.25	0.07
KURC 24	418,657	6,628,332	369	RC	10	32	0.83	0.11
KURC18	418,599	6,628,340	368	RC	14	22	0.98	0.04
KURC18	418,599	6,628,340	368	RC	104	3	1.18	0.01
KURC37	418,068	6,628,366	366	RC	30	16	0.84	0.07
SNP07	418,012	6,628,281	364	RC	20	22	0.82	0.05
SNP09	418,074	6,628,369	364	RC	29	18	0.90	0.06
SNP14	418,173	6,628,199	366	RC	4	9	0.90	0.05
SNP16	417,820	6,627,822	362	RC	12	4	0.88	0.17
SNP17	417,742	6,627,822	361	RC	14	5	0.96	0.10
SNP20	418,053	6,628,494	364	RC	31	20	0.81	0.12