



December 2018 Quarterly Activities Report

Carnavale Resources Limited (“CAV” or “Carnavale”) reports on activities completed during the quarter to 31 December 2018.

Kikagati Tin (Sn) Project, Uganda (CAV earning 70%)

Kikagati represents a large scale mineralised target outlined by continuous artisanal workings along over 3km of strike length and approximately 100m wide. A 2,000m diamond drilling programme is designed to confirm the scale of the mineralised system, continuity along strike and down dip plus provide an indication of grade potential.

- Diamond drilling commenced with 4 holes completed for 638m in the December quarter.
- Drilling re-commenced mid-January with one additional hole completed to date for total of 823m.
- Cassiterite (tin bearing mineral) has been observed in a number of veins associated with strong muscovite-tourmaline alteration as expected.
- Diamond core sampling underway with initial samples to be submitted early February.
- Second tin target defined at Hippo Hill with outcropping veins and artisanal workings
- Earn-in Agreement extended to 31 May 2019

Grey Dam Co-Ni Project, Australia (CAV 100%)

The Grey Dam Ni-Co deposit represents a potential near term development opportunity subject to a suitable extraction process being determined. The mineralisation is a flat lying, near surface laterite style of remobilized mineralisation. The project has an existing 2004 JORC Mineral Resource, which is currently being upgraded to JORC 2012 standard following the recent drilling by CAV comprising over 5,000m.

- Previously reported RC drilling results reviewed, geological and mineralisation wireframes defined
- Strong Ni and Co domains defined from surface over area 1.2km x 1.0km.
- Check re-sampling of selected RC intervals submitted, results pending
- New resource update expected shortly after check sampling results assessed
- Second laterite Ni-Co target remains to be tested.
- Metallurgical testwork and assessment of Ni-Co-Cu sulphide potential planned.

Carnavale's strategy is to acquire and explore high quality advanced exploration and development projects prospective for strategic minerals associated with the rapidly increasing demand within the electric battery sector and other new-age disruptive technologies, together with the gold and copper resource sector.

Kikagati Tin (Sn) Project, Uganda (CAV earning 70%)

The Kikagati Tin project is a large-scale walk-up drill target outlined by continuous artisanal workings along over 3km of strike length and approximately 100m wide. A 2,000m diamond drilling programme is designed to confirm the scale of the mineralised system, continuity along strike and down dip plus provide an indication of grade potential. On completion of the drilling programme Carnavale will have earned 51% of African Panther Resources Uganda (APRU).

Tin mineralisation occurs generally as coarse cassiterite aggregates associated with a series of stacked quartz-muscovite-tourmaline veins within a sequence of component quartzite units with finer grained interbeds. The quartzite sequence dips approximately 45 degrees to the east and the mineralised quartz veins are perpendicular to the individual quartzite units and range from less than 1m to 4m in width.

2,000m Diamond drilling programme commenced

Diamond drilling commenced during the period, with 5 holes (KKD001-005) completed for a total of 638m. Subsequent to the period drilling recommenced mid-January with an additional hole completed for a combined total of 823.5m.

Progress during the December quarter was severely impacted, with significant delays occurring due to issues in obtaining approvals to enter the country, which was beyond Carnavale's control. This delay was compounded by slow drilling rates and lack of required drilling materials on site whilst learning the drilling conditions. Subsequently in mid-January, drilling recommenced and drilling productivity has improved markedly. Already one diamond hole (KKD006) has been completed for and additional advance of 185.5m.

Table 1 – Drill hole information

YEAR	HOLE	COLLAR (Arc1960 / UTM 36S)		RL	AZIMUTH	INCLINATION	LENGTH
		EASTING	NORTHING				
2018	KKDD001	240490	9885245	1242	255.5	-70	141
2018	KKDD002	240333	9885538	1271	245.7	-70	165
2018	KKDD003	239695	9886106	1359	225	-69.3	171.5
2018	KKDD004	239375	9886460	1509	245	-70	113
2018	KKDD005	239699	9886111	1359	245	80	47.5
2019	KKDD006	240496	9885247	1242	250	80	185.5

The diamond drilling has focused on two prime components:

1. **Geology** - Drilling to define overall rock sequence, specific lithologies, structure and alteration assemblages in greater detail to define preferred target lithologies along the strike length of the target.
2. **Mineralisation**- Drilling to intersect and define the frequency and orientation of mineralised quartz veins with an aim to confirm the large-scale potential of the mineralised system.

Drill holes KKD001-KKD004 are positioned to drill approximately perpendicular to the define the geology of the target. This drilling has successfully confirmed a relatively simple package of finer phyllite sediments, potential shear zones and more massive quartzite units as expected from the previous mapping. Detailed logging, evaluation and interpretation of the core is progressing.

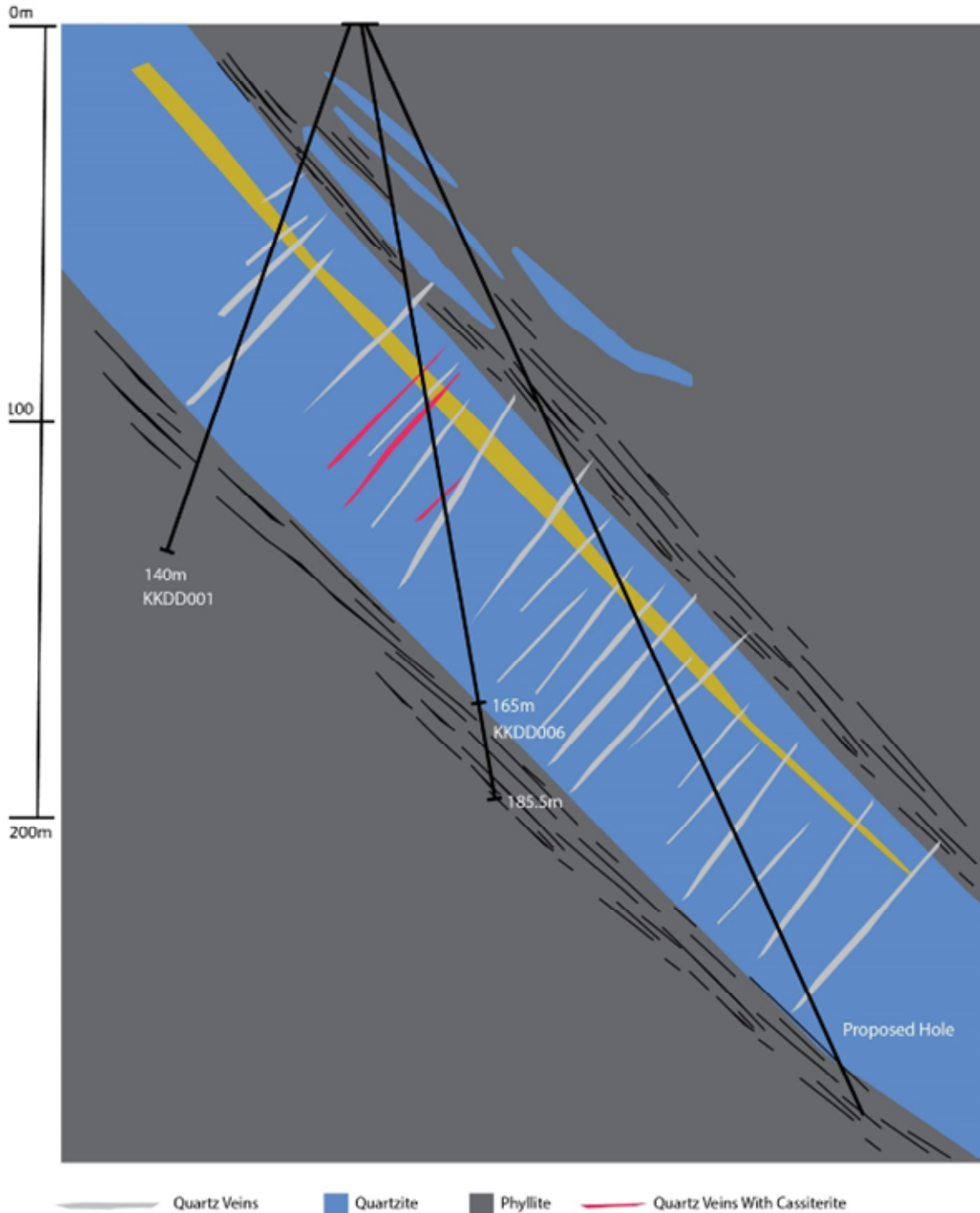
Drill holes KKD005 and KKD006 are the first of several holes that are now positioned to drill obliquely to the rock sequence and are aimed to intersect as many quartz veins as possible to confirm and define the mineralisation potential. KKD005 was designed to drill to approximately 200m and failed due to drilling issues and will be re-drilled as part of the ongoing program. KKD006 was recently completed and successfully reached target depth and has tested the entire prospective sequence. Encouragingly, the expected quartz veining, alteration and



occasional visible cassiterite was observed in the core. Detailed logging and sampling is underway and results will be reported as results are received and evaluated.

Figure 1 is a simplified section highlighting the completed drill holes KKD001, KKD006 and the current hole. Holes KKD006 and the current hole ("proposed" on the section) are aimed at intersecting the greatest number of quartz veins and are therefore targeting oblique to bedding due to the perpendicular nature of the veins to bedding. Successful completion of the current drill hole is expected to provide over 200m a down dip coverage.

Figure 1 Kikagati Tin Project – Southern Section showing drilling and simplified geology





The simplified section in Figure 1, is an example of the drilling programme where at least three sections will be tested in this similar manner i.e. one short hole to define geology (completed with holes KKD001-KKD004) and then a series of longer and oblique holes to test quartz vein frequency and mineralisation potential.

Agreement Extension

Carnavale may earn an initial 51% equity in APRU, the 100% owner of the Kikagati Project tenements, by completing the initial 2,000m of diamond drilling (refer to ASX release “Carnavale to Acquire Large-Scale Tin Project, Uganda”, 24 April 2018). APRU initially agreed to extend the timeframe to complete the drilling to 15 December 2018, however with further significant delays experienced, a further extension was granted to 31 May 2019. In consideration for the grant of the extension, CAV issued 10 million shares to the shareholders of APRU. If Carnavale elects to continue after the 31 May 2019, a further 30 million shares are to be issued to APRU shareholders.

Overall, Carnavale is encouraged with the good quality core recovery and in particular the improved drilling productivity in recent weeks. To date, the geology, quartz veining, alteration and obvious coarse grained cassiterite mineralisation evident in the drill core provides support to the geological model and project potential. Carnavale looks forward to providing shareholders further information as drilling advances and sampling results are received.

Figure 2 Kikagati Tin Project – Drilling Hole KKD006





Grey Dam Co-Ni Project (100% CAV)

The Grey Dam Project is an advanced Ni-Co project located approximately 90km northeast of Kalgoorlie, Western Australia. The project hosts a previous JORC 2004 compliant Ni-Co resource which Carnavale is currently updating to JORC 2012 compliance, pending completion of a small programme of quality control samples being analysed through an independent third party laboratory. This sampling has been submitted and results are pending. In readiness for metallurgical testwork, sampling of representative mineralisation zones throughout the deposit has been collected.

Sulphide Ni-Co-Cu mineralisation

Evaluation of the potential for primary sulphide Ni-Co-Cu mineralisation is in progress and discussions with a suitable EM geophysical contractor has commenced. This programme is currently in planning stages and is expected to be carried out late in the March 2019 quarter, subject to contractor availability.

Planned Programmes for Quarter

Kikagati

- Completion of the 2000m diamond drilling programme. Carnavale considers the Kikagati Project represents a large Tier 1 Exploration Target, that if demonstrated to be well mineralised, could host a significant scale tin orebody.

Grey Dam

- Metallurgical testwork
- EM geophysical survey

The Company also continues to assess new projects that can add value for shareholders. Focus remains on strategic minerals associated with the rapidly increasing demand within the electric battery sector and other new-age disruptive technologies, together with the gold and copper resource sector.

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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.

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
- Carnavale to Acquire Large-Scale Tin Project, Uganda, dated 23 April 2018
- Carnavale advances Kikagati Tin project Uganda, dated 30 August 2018
- High grade Nickel-Cobalt defined at Grey Dam, dated 10 October 2018
- Cassiterite (tin mineral) observed in drilling, Uganda, dated 27 November 2018

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 E28/1477	100%
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

Schedule of Mining Tenements, Beneficial Interests and agreements

Acquired during the Quarter

Project/Location	Country	Tenement	Percentage held/earning
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Schedule of Mining Tenements, Beneficial Interests and agreements

Disposed of during the Quarter

Project/Location	Country	Tenement	Percentage held/earning
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