

30 May 2019

Ms Elizabeth Harris
Principal Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Elizabeth.Harris@asx.com.au

Dear Elizabeth

APPENDIX 5B QUERY

We refer to ASX's query letter dated 24 May 2019 in relation to the Company's Appendix 5B for the quarter ended 31 March 2019. The Company responds as follows:

1. *Does CAV expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

Yes, the Company, being an exploration company, expects to continue to have negative operating cash flows for the time being.

2. *Has CAV taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

The Company has earlier today announced that it has received support for a capital raising from sophisticated and professional investors to raise \$225,000 and proposes to undertake a non-renounceable entitlement issue to existing shareholders on the basis of one share for every one share held at the record date to raise approximately \$2.229 million together with one free attaching option for every 2 shares issued. The Company has a track record of securing exploration funding to meet its planned activities and expenditure commitments and believes it will continue to be successful in securing adequate funding.

3. *Does CAV expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

Yes, the Company expects to be able to continue its operations and to meet its business objectives due to the capital raising plans referred to above. The Company also notes that, without disrupting its overall business objectives, it is able to pace its exploration activities in line with available funding in the short term.

4. *Please confirm that CAV is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.*

The Company confirms that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that rule that has not already been released to the market.

5. *Please confirm that CAV's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CAV with delegated authority from the board to respond to ASX on disclosure matters.*

The Company confirms that the responses to the questions above have been authorised and approved by the Board.



Yours sincerely

A handwritten signature in black ink, appearing to read 'Paul Jurman', written over a horizontal line.

Paul Jurman
Company Secretary



24 May 2019

Mr Paul Jurman
Company Secretary
Carnavale Resources Limited
Level 2, Suite 9 389 Oxford Street
Mount Hawthorn WA 6016

By email: jurmanp@crcpl.com.au

Dear Mr Jurman

Carnavale Resources Limited ('CAV'): Appendix 5B Query

ASX refers to CAV's Appendix 5B quarterly report for the period ended 31 March 2019 lodged with ASX Market Announcements Platform on 30 April 2019 (the 'Appendix 5B').

ASX notes that CAV has reported:

- negative net operating cash flows for the quarter of \$478,000;
- cash at the end of the quarter of \$316,000; and
- estimated cash outflows for the next quarter of \$251,000.

It is possible to conclude, based on the information in the Appendix 5B that if CAV were to continue to expend cash at the rate indicated by the Appendix 5B, CAV may not have sufficient cash to continue funding its operations.

In view of that, ASX asks CAV to respond separately to each of the following questions and requests for information:

1. Does CAV expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CAV taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CAV expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CAV is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that CAV's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CAV with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4.00 PM AWST Wednesday, 29 May 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CAV's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CAV's obligation is to

disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to CAV’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CAV’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CAV’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

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

Yours sincerely

Elizabeth Harris
Principal Adviser, Listings Compliance (Perth)