



Grey Dam Nickel Project - Soil Sampling update

Positive response from trial Ultra Fine Fraction Soil sampling

- The new Ultra Fine Fraction (UFF) soil sampling technique has recognised the ultramafic sequence at Grey Dam
- Larger program of detailed UFF soil sampling to be completed during the December quarter aiming to define targets along the second untested ultramafic sequence
- UFF soils sampling technique is currently being evaluated in partnership with CSIRO
- Drilling program targeting the recently defined EM conductors and potential nickel sulphide mineralisation in bedrock to commence soon.

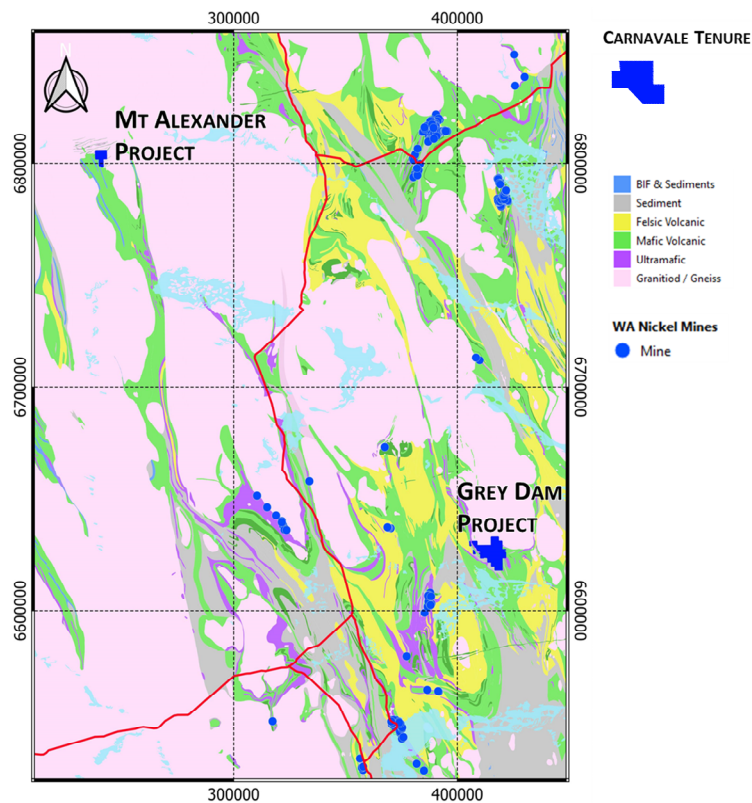


Figure 1 Location of Carnavale's Nickel Projects

Chairman Ron Gajewski commented:

"We are pleased with the results that the UFF soil programs are delivering in the mafic/ultramafic terrain at both Grey Dam and Mt Alexander. This technique is allowing us to economically progress the exploration of our tenements at a rapid rate. Now that we have been able to see the geology, under cover, we are excited to expand the survey at Grey Dam with the aim of delineating geochemical anomalies for nickel sulphide mineralisation."

Carnavale Resources Limited (ASX: CAV) is pleased to advise that the UFF soil sampling program has yielded positive results at the Grey Dam Nickel Project. Analysis and interpretation of the geochemistry results has refined the geological interpretation of the mafic/ultramafic sequence completed by the Carnavale team from the aeromagnetic imagery.

The Grey Dam tenement package lies within the Norseman-Wiluna greenstone belt, an Archaean sequence of ultramafic, mafic and felsic intrusive and extrusive volcanic rocks with associated sediments. The greenstone belt trends north-northwest and is flanked by major Archaean intrusive granitic bodies. Much of the northern part of the tenement package is under colluvium and sheetwash (Figure 2).

The tenement package contains two mafic/ultramafic sequences with the first southern sequence hosting the previously defined nickel-cobalt laterite resource and the recently defined EM target area that is prospective for nickel sulphides. Carnavale has a program of RC and diamond drilling planned to start at Grey Dam in September 2020. (ASX release 29 July 2020) The second mafic/ultramafic sequence has received very little past exploration and is also considered prospective for Kambalda style nickel sulphide mineralisation, usually located close to the mafic-ultramafic-sediment contact. Carnavale is using aeromagnetics and UFF soil sampling to define this stratigraphic position and any nickel geochemical targets along the prospective sequence.

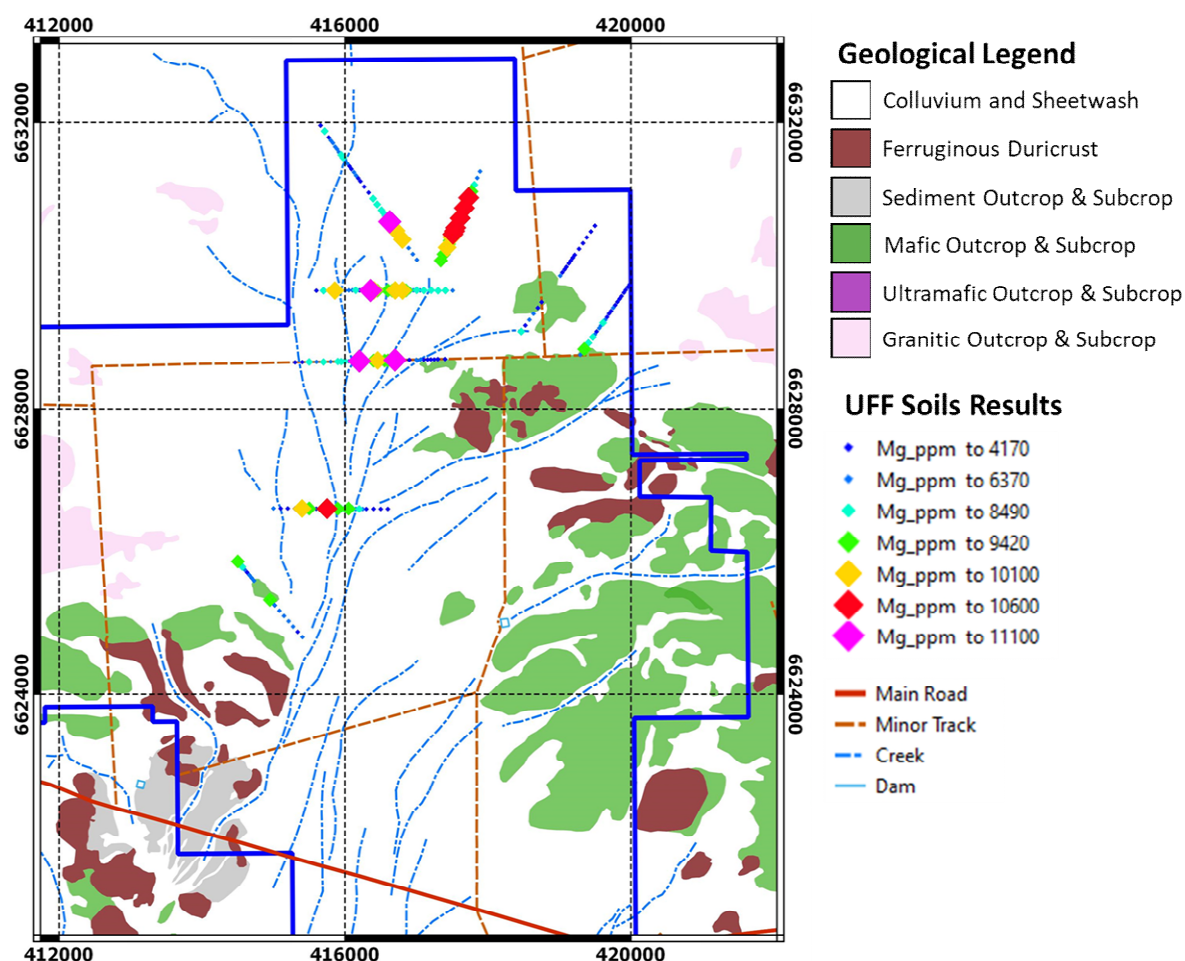


Figure 2 Surface geology and location of UFF soil traverses

The trial UFF soil sampling program at Grey Dam consisted of eight (8) traverses across the interpreted position of the mafic/ultramafic sequences in the northwest portion of the Grey Dam tenement package (Figure 2 and 3). The northern area is covered by sheetwash and alluvial material that makes it difficult to explore using traditional soil sampling techniques. UFF soil sampling is a sensitive new exploration technique that is being evaluated by CSIRO and explorers to target mineralisation under areas of thin cover.

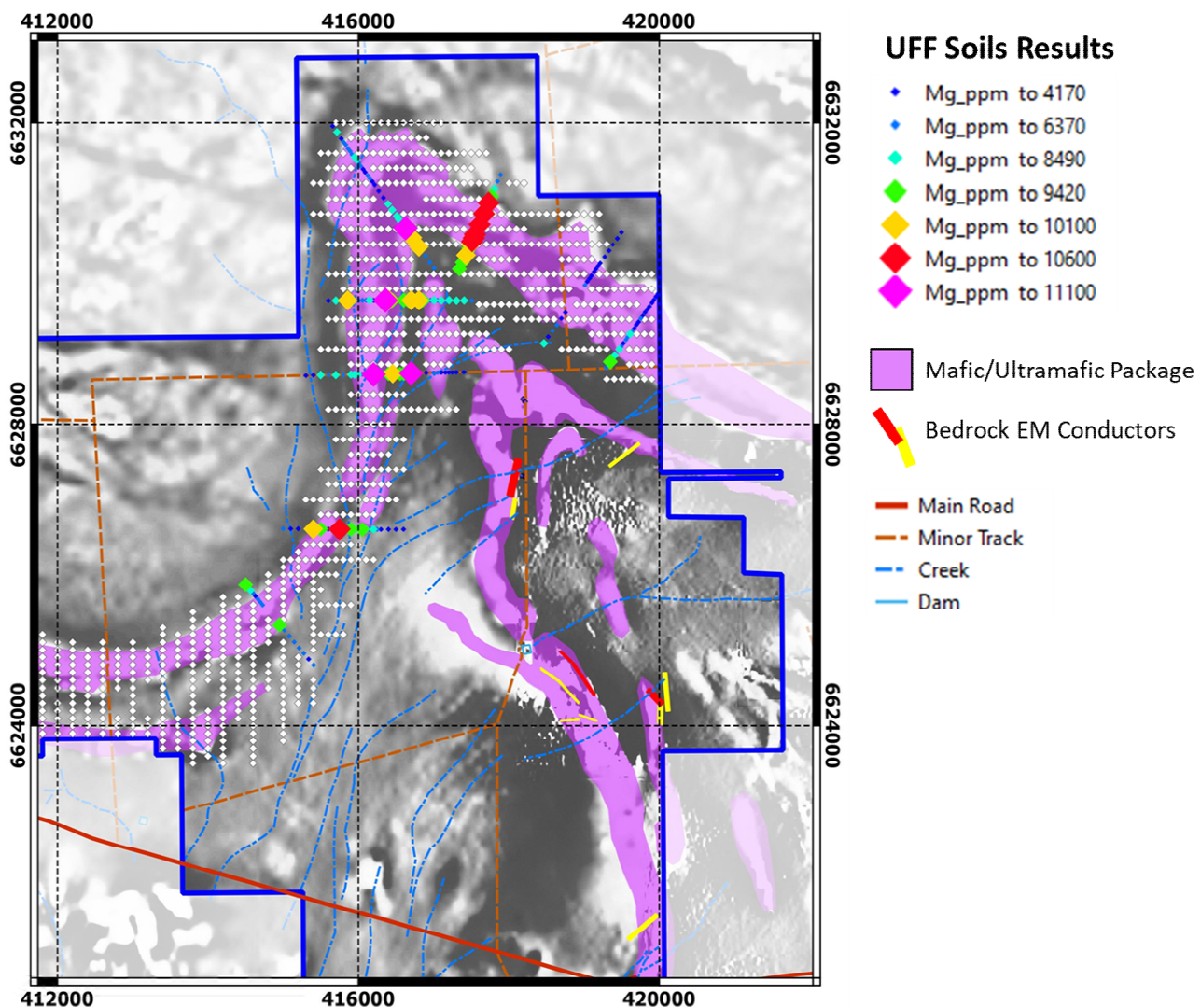


Figure 3 Proposed phase 2 UFF soil program over Interpreted Mafic Ultramafic package

The geochemical response from the trial UFF soil program has identified the ultramafic sequence beneath the cover in the northern part of the tenement package. Due to the positive response from this first phase of soil sampling, the Company has decided to expand the soil sampling program over the majority of the interpreted mafic/ultramafic sequence (Figure 3). The EM targets, identified by geochemistry and geophysics, for the upcoming drilling program are shown as red and yellow lines on the southern mafic/ultramafic sequence (Figure 3)

The new detailed UFF soil sampling program aims to delineate discrete geochemical anomalies similar to the zones identified along in the southern mafic/ultramafic sequence. Subject to the positive results of the second phase of UFF soil sampling, Carnavale will follow up any prospective geochemical anomalies with an EM geophysical survey to identify concealed conductive nickel sulphide mineralisation.

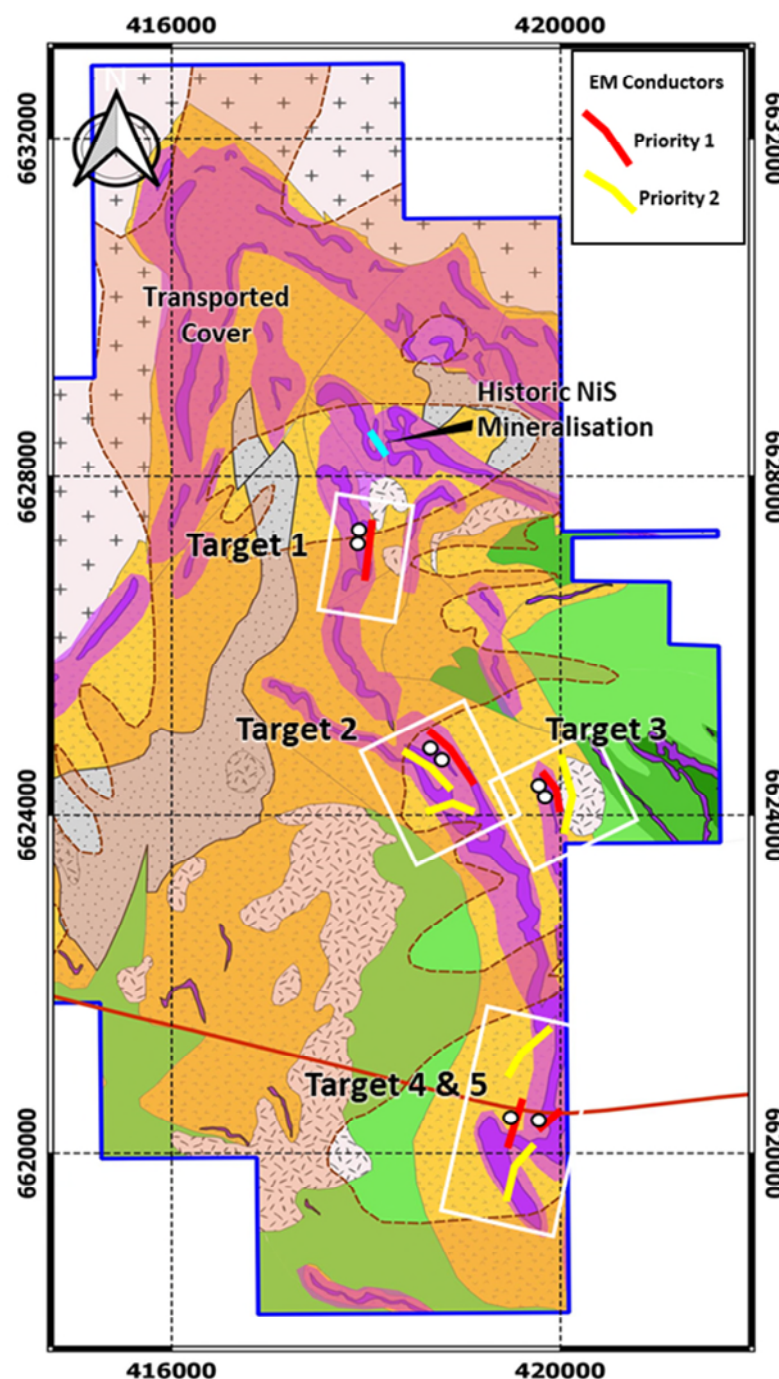
CSIRO has been engaged to further optimise the information produced by the trial UFF soil program. Data analysis and reporting of the interpretation by CSIRO is pending and is expected to refine and improve the identification of anomalies and further information on the underlying geology.

RC and Diamond Drilling Program

A FLEM survey was conducted earlier in the year over the southern mafic-ultramafic package and identified 5 Strong EM conductors including abundant lower order conductors. The shallow EM conductors are to be targeted by an RC and diamond drilling program, planned to commence in September 2020.

The drilling program will target 4 priority areas for Kambalda style nickel sulphide mineralisation within the tenement package (Figure 4). The program comprises 8 drill holes for approximately 1,500m of combined RC and diamond drilling. Downhole EM will be completed after drilling to identify any potential off-hole conductors near the drill holes.

Figure 4 RC and Diamond drill targets



This release is approved by the Board of Carnavale Resources Limited.

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Competent Persons Statement

The information in this report that relates to Exploration Results for the Project is based on, and fairly represents information and supporting documentation reviewed by Mr. Humphrey Hale, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Hale is a consultant to Carnavale Resources Limited. Mr. Hale 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. Hale consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Statements regarding Carnavale's plans with respect to the mineral properties, resource reviews, programmes, economic studies and future development are forward-looking statements. There can be no assurance that Carnavale's plans for development of its mineral properties will proceed any time in the future. There can also be no assurance that Carnavale will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Carnavale's mineral properties.

Information relating to Previous Disclosure

Previously reported material Information relating to the Grey Dam Project include:

Resource

*Grey Dam Ni-Co Mineral Resource Update, 26 February 2019.

Exploration

Carnavale expands Nickel-Cobalt footprint at Grey Dam, 28 June 2019

Carnavale expands Nickle Sulphide potential at Grey Dam, 11 November 2019

Strong EM Conductors defined at Grey Dam, 3 June 2020

Drilling to test strong Nickel EM targets at Grey Dam 29 July 2020

Table JORC Code, 2012 Edition

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> The Ultrafine Fraction (UFF) soils sampling was completed as part of a collaborative research study with CSIRO. Samples were collected in the field by removing any surface vegetation and topsoil and then digging down to a nominal depth of 20cm from which the sample was taken. Samples were sieved in the field to a nominal <1mm size fraction. A nominal 1kg sample was taken in the field and sent to CSIRO for further processing and analysis. Sample depth (nominally 20cm below surface) and location of soil sample recorded at each site.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.). 	<ul style="list-style-type: none"> No drilling completed.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No drilling completed.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> No drilling completed. Sample depth (nominally 20cm below surface) and location of soil sample recorded at each site.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> As part of the UFF soil sampling processing, the field samples are further processed at the laboratory to produce a <2um size fraction subsample that is then analysed at LabWest.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> Once received by CSIRO, the samples were submitted to LabWest for processing and analysis. CSIRO used and inserted in-house standards in the sample submitted for analysis. LabWest is a commercial independent laboratory in Perth, Western Australia. The <2um fraction of the soil samples were analysed for Ag, Al, As, Au, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Fe, Ga, Ge, Hf, Hg, In, K, La, Li, Mg, Mn, Mo, Nb, Ni, Pb, Pt, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn & Zr via LabWest's Ultrafine+ microwave digest with an ICP-EOS/MS finish.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Sample results and standards were reviewed by CSIRO and by the company's technical consultants. Results are uploaded into the company database, checked and verified.
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Soil sample locations are located by handheld GPS to an accuracy of +/-5m. Locations are given in GDA94 Zone 50. Diagrams showing sample locations are provided in the report.
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> The soil samples were taken on north-south oriented lines spaced 500m apart, with individual samples taken on a nominal 100m sample spacing along the lines, closing up to 50m spacing across interpreted prospective target zones.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Surface soil sampling on a grid basis. The grid was designed to sample across the interpreted target zones at a high angle.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples are collected by on site company personnel/contractors and delivered direct to CSIRO. CSIRO despatched the samples to the laboratory.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits have been completed. Review of QAQC data was completed by CSIRO prior to release of the results to the company.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> The Grey Dam Nickel Project comprises the following tenements: M28/378, E28/1477, E28/2506 E28/2567, E28/2587, E28/2682 and E28/2760. Four of the tenements, E28/2506, E28/2567, E28/2682 and E28/2760 are subject to an option agreement where Carnavale has the right to acquire 80% interest in the tenements and have the sole right to explore for a period of 3 years.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Extensive drilling, primarily within M28/378 and the northern portion of E28/1477 has been carried out to define a lateritic nickel-cobalt resource at Grey Dam. Limited regional aircore traverses and selected deeper RC and diamond drilling has been completed by previous explorers targeting nickel-sulphide mineralisation within the tenements. Much of the historic drilling has been to blade refusal only, with an emphasis on targeting lateritic nickel blankets in the weathered profile and very few deep drill holes into fresh rock. The targeted mafic/ultramafic package that were the focus of investigation for the UFF soils programme has no historic drilling.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The bedrock geology comprises granite-greenstone sequences typical of the Yilgarn goldfields. The greenstone package includes mafic to ultramafic volcanic rocks similar to those that host nickel sulphide mineralisation at Kambalda The bedrock has been subject to weathering and laterite formation. In some

Criteria	JORC Code explanation	Commentary
		<p>areas the weathering blanket is well developed and has formed zones of lateritic nickel-cobalt enrichment.</p> <ul style="list-style-type: none"> The greenstones are enclosed by bounding granitoids.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> No drilling completed.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No data aggregation or intercept calculations are included in this release.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> No drilling completed.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Representative plans are provided in this report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> The report is considered balanced and provided in context. Further exploration including ground geophysical surveys, mapping, sampling and other exploration activities are required to fully understand the results in greater detail.

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> No meaningful previous work has been done on the project except as described in the report.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> The company plans to complete further mapping, UFF soil sampling and a ground geophysical survey to further investigate the potential for the project to host nickel sulphide mineralisation subject to results from phase two soils.