

CARNAVALE RESOURCES

(A.C.N 119 450 243)

ASX Code:	CAV
Shares:	256.7M
Options:	186.2M (Nov 2016 @ \$0.03)
Perf Shares	42.0M
Cash:	\$0.63M (30 Sept 2015)
M. Cap	\$2.8M (@ \$0.011)

Directors

Ron Gajewski (Chairman)

Andrew Beckwith (MD)

Rhett Brans (NED)

Andrew Chapman (NED)

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

Exploration is currently advancing two prospective gold-silver-copper projects located in Arizona and Nevada, USA.

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QUARTERLY ACTIVITY REPORT**For the period ended 30 September 2015**

Carnavale Resources Limited ("CAV" or "the Company") is pleased to report on exploration activities completed during and subsequent to the quarterly to 30 September 2015.

The Company's activities has focused on the drilling programme:

At Rattler,

- Encouraging broad zones of highly oxidized argillic clay alteration, variable sulphide development and silicification observed in RC drilling.
- Drilling targeted priority 500m long x 100m wide strong soil anomaly, coincident with historic underground mines workings.
- 4 RC holes for a total of 823m completed (plus an aborted diamond hole for 34.8m). Hole RHR01 intersected old workings from 100.3m to 103m.
- Results of RC drilling remain pending.
- Significant results to date include:
 - 6.6m @ 15.3g/t Ag from 27.4m including 3m @ 25.6g/t Ag from 27.4m

At Cobra,

- Diamond drilling tested beneath the high grade polymetallic adit mineralisation
- 3 diamond core holes, for a total of 436.4m.
- Significant results include:
 - 1m @ 0.46g/t Au, 9.1g/t Ag, 0.38% Zn from 97m



RED HILLS PROJECT, NEVADA

(Joint Venture rights to earn up to 75%)

During the period, the Company commenced its maiden drilling programme at the Red Hills Project, located in eastern Nevada, with the drilling programme completed in early October.

Diamond drilling commenced at the Cobra Prospect in late July and continued into September. Overall, this portion of the drilling programme had significant delays due to logistical and contractor issues.

At the Rattler Prospect, drilling commenced in mid-September with near surface ground conditions (<50m depth) causing considerable drilling difficulties, with the brecciated dolomite continually collapsing and hampering progress which resulted in unacceptable poor drill core recoveries. Accordingly, the diamond drilling programme was changed to the RC (Reverse Circulation) drilling method in an attempt to improve sample recovery and speed up the overall drilling production rate.

Rattler

At Rattler, the drilling programme aimed to test the Rattler Shear Zone beneath the zone of historic underground mine workings and 500m long x 100m wide priority soil anomaly.

The historic mine workings occur along an outcropping shear zone where previously detailed channel sampling had defined strong polymetallic mineralisation **7.8m+ @ 0.52g/t Au, 105g/t Ag, 2.6% Zn, 2.8% Pb (4.5g/t AuEq*) including 3.5m+ @ 1.1g/t Au, 205g/t Ag, 5.2% Zn, 5.9% Pb (9.2g/t AuEq*)**.

Initially diamond drilling commenced as planned however due to challenging near surface ground conditions and as a result of very poor recoveries, the drilling was changed to RC (Reverse Circulation) drilling. This change has enabled four RC holes to be completed beneath the mine workings and along strike under the strongest portion of the soil anomaly.





The completed drilling now provides four (4) effective tests of the Rattler Shear Zone on the following cross sections 4392150N, 4392120N, 4392000N and 4391960N. A total of 4 RC holes for an advance of 823m and one short diamond hole, which was abandoned at 34.8m, was completed at Rattler. Drill hole RHR01 also intersected the historic underground workings between 100.3m to 103m. These workings appear to be approximately 20m below the previous known depth extent of workings.

Geological logging indicates the Rattler Shear Zone generally comprises a broad zone, approximately 30-60m downhole, with silicified and oxidized argillic altered sediments, most likely containing portions and or repetitions of the Eureka Quartzite. This zone also contains variable ferruginous to limonite rich clay material, silicified sediments and occasional fine grained oxidized disseminated sulphide development.

Overall, the Rattler Shear Zone is interpreted to occur within a package of west dipping brecciated dolomite and Eureka Quartzite to the west of the dominant north-south trending ridge and west dipping limestones and sediments of the Pogonip Formation to the east.

Initial RC drill sampling comprises nominal four (4) metre composite samples over the entire hole length, which have been submitted to the laboratory with results expected to be available by mid-November. Any anomalous mineralised intervals will then be re-submitted on a detailed individual 1 metre basis. Results from RHD04 are reported in Table 2 however due to the poor recovery the results should be treated with caution.

Rattler- Drill Section

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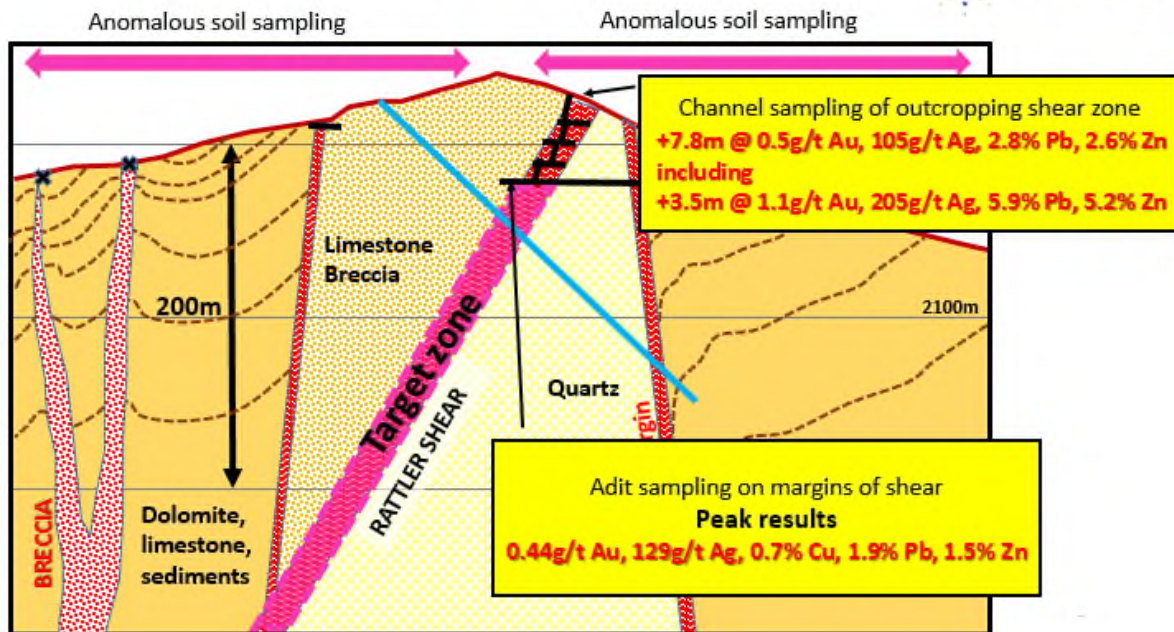


Fig 1 Schematic section showing one of the planned holes (light blue) targeting the Rattler Shear and the sheared contact between the quartz and sediments beneath the Rattler historic workings and anomalous soils results to the east of the main ridge.

Further follow-up drilling will be planned once all outstanding drilling results have been received and assessed.



Cobra

At Cobra, the planned programme of three drill holes aimed to test the down dip potential of previously reported high grade polymetallic mineralisation (average grade 0.67g/t Au, 494g/t Ag, 1.1% Cu, 3.6% Pb and 3.4% Zn) sampled in the nearby historic mining adit was completed with a total of three diamond holes from an advance of 436.4m.

Geologically, the mineralisation in the historic adit is interpreted to be hosted in a north-west dipping shear zone associated with significant shearing and brecciation within a limestone and siltstone package of rocks. In the drill holes the hanging wall altered dolomite has been intersected as expected followed by a similar siltstones package which then passes through into a thick package of unaltered limestone units. The amount of shearing in the finer sediment unit appears significantly less than observed in the adit. Variable brecciation is evident in the various limestone units however this style of brecciation appears to be different to that seen in the adit and maybe an original sedimentary feature rather than tectonic.

As the drill results have been disappointing and the geological aspects do not reflect the mineralisation seen in the adit, additional mapping has been undertaken and is currently being compiled together with petrogeophysical data on selected samples from the drill core. Assessment of this data is currently underway.

Results for all three holes have now been received with significant results listed in Table 2.

LITTLE BUTTE PROJECT, ARIZONA **(Option to earn 100%)**

No activities for the reporting period.

CORPORATE

The company's Annual General Meeting is to be held at 1.30pm (WST) on the 24 November 2015 at the Business Centre, Level 1, Suite 5, 55 Salvado Road, Subiaco, Western Australia.

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Table 1 Hole Locations

Hole	Type	Easting (m)	Northing (m)	RL (m)	Azimuth (°)	Dip (°)	Depth (m)	Comments
COBRA								
15RHD01	DDH	727868	4391343	2109	146	-40	134.24	No significant results
15RHD02	DDH	727868	4391343	2109		-90	125.75	Significant results reported
15RHD03	DDH	727851	4391442	2104	160	-55	176.40	No significant results
RATTLER								
15RHD04	DDH	727498	4392129	2227	75	-45	34.80	Abandoned due to very poor recovery
15RHR01	RC	727500	4392131	2227	75	-45	216.0	Results pending
15RHR02	RC	727495	4392129	2227	95	-65	216.0	Results pending
15RHR03	RC	727553	4391978	2219	95	-50	193.0	Results pending
15RHR04	RC	727553	4391980	2219	70	-55	198.0	Results pending

DDH = HQ Diamond Drill Core, RC = Reverse Circulation drilling

Table 2 Significant Results to date

Hole	From (m)	To (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Comments
15RHD02	97	98	0.46	9.1			0.38	
15RHD04	27.4	28.4		24.1				Poor recovery
15RHD04	28.4	29.4		31.4				Poor recovery
15RHD04	29.4	30.4		21.4				Poor recovery
15RHD04	30.4	31		9.5				Poor recovery
15RHD04	31	32		6.2				Poor recovery
15RHD04	32	33		7.0				Poor recovery
15RHD04	33	34		5.4				Poor recovery

Significant results only shown if either Au>0.1g/t, Ag>5g/t, Cu>0.1%, Pb>0.1%, Zn>0.1%

Cautionary note – Samples from hole 15RHD04, listed above, are from zones with poor recovery and caution should be taken in relying on these results

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared 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 Resources Limited. 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.

* **Gold Equivalence (AuEq)** calculation represents total metal value for each metal, assuming 100% recovery, summed and expressed in equivalent gold grade or ounces. The metal prices used in the calculation being US\$1100/oz Au, US\$5000/t Cu, US\$15/oz Ag, US\$2100/t Zn and US\$1800/t Pb

The Gold Equivalent Formula is

$$AuEq(g/t) = Au(g/t) + 1.41Cu(\%) + 0.013Ag(g/t) + 0.59Zn(\%) + 0.51Pb(\%) \text{ (Rounding errors may occur.)}$$



JORC Code, 2012 Edition – Surface sampling details

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 (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sounds, 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 (eg '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 (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> All diamond drill core samples are cut half core continuous samples taken systematically down the entire length of the hole. Sample size is in 2-3.5kg range. All RC samples have been collected on site at the rig into a 25% sample and a retained 75% reject bag. Initial 4m composite samples have been collected by spearing the 75% reject bag every 1m and compositing 4 metres into one sample. Individual 1m sample bags have retained and will be submitted for assay once the anomalous zones have been defined from the 4m composite sample results. The core is sampled on a nominal 1m basis of continuous half core with the entire hole sampled. Variations in length of sample occur when the geologists samples to a geological boundary. All analytical results have been completed at an industry acceptable commercial laboratory. All samples are dried, crushed with 1kg split from the crushed sample. This 1kg is then pulverized, analysed for gold using a 30gram charge by fire assay and ICP-AES finish plus 33 multi-element suite by four acid digest and ICP-AES finish. Additional analyses for high grade silver and associated gold are by Fire Assay Fusion, fire assay and gravimetric finish.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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"> All diamond drilling is HQ diameter diamond core using triple tube. The core is orientated using a Multifunction Orientation Tool. All RC drilling is 51/2" face sampling hammer
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"> Core recovery is measured at each "core run" relative to depth drilled for that run. To date core recovery is considered very high and therefore sampling representative. RC drilling is assessed for relative recovery by the volume of sample return. The RC drilling recovery was assessed as excellent except in less than 5% of instances due to ground conditions. Overall the sampling is considered representative.
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"> The entire diamond core hole is geologically logged, photographed and basic geotechnical logging completed prior to cutting and sampling on site and at the company's facilities. RC drilling chips are collected on a 1m basis, washed and geologically logged with a representative sample retained in chip trays. The sampling in both instances is considered suitable for resource estimation.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. 	<ul style="list-style-type: none"> The entire diamond core is cut in half with sampling of the entire half cut core on a nominal 1m basis. . RC samples have been collected on an individual 1 metre basis. Initial composite



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 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. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> samples over 4m have been analysed to define anomalous zones and further detailed 1m samples will be submitted to the lab. Core samples were cut and bagged and RC samples composited by the site geologist and then transported to the laboratory. Industry prepared and certified standards are submitted with each batch of samples on a nominal one per 20 samples. The samples were in the control of the company or laboratory personnel at all times or in locked secure premises.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 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. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Assay techniques are appropriate for the style of mineralisation targeted. Reputable independent industry commercial laboratory was utilized for all samples Quality control measures are considered satisfactory for this style of sampling. Laboratory standards and blanks have been used. Industry prepared and certified standards are submitted with each batch of samples. All standard sample results are compared to the certified results prior to acceptance of the laboratory results.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> All samples are from diamond drill core or RC drilling. Field and logging data was collected, checked and entered into a digital database in the Perth office. Digital independent laboratory assay data was sent to the Perth office, checked and merged with the field data and stored in a digital database. No adjustments have been made to the original laboratory data.
Location of data points	<ul style="list-style-type: none"> 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. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> All drill holes are located by hand held GPS to an accuracy of +/- 3m. Locations are recorded in UTM (NAD 27 Zone 11). Downhole lengths are measured using tape measures or provided by driller on RC rig based on meterage of rods in hole.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 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. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> The downhole sampling is continuous for diamond core or spilt to 25% at the rig cyclone and therefore considered appropriate and representative. The data is considered satisfactory for use in a resource calculation if required in the future.
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"> The sampling of the core is considered appropriate for the style and orientation of bedding and structures. No structural information can be obtained in RC drilling



Criteria	JORC Code explanation	Commentary
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples were delivered direct to the independent laboratory by company personnel/consultants. Logging and sampling has been completed in the Company facility which is secured and locked at all times by company personnel or employed consultants.
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"> Final field and assay data is checked and assessed by geologist in Perth office and on site in the field. Company technical management has inspected site sampling techniques Company geologist has reviewed and completed a tour of the laboratory and their systems in Reno, USA.

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 licence to operate in the area. 	<ul style="list-style-type: none"> The property is under a joint venture agreement whereby Carnavale has the right to earn an initial 51% via \$2M expenditure within a total of 3 years and may elect to earn an additional 24% (total 75%) via additional \$7M expenditure in a further 4 years. Vendors retain combined 4% net smelter royalty on production, with Carnavale having the right to purchase up to 2% NSR for \$1M per 1% The sample results occur within unpatented claims in Nevada, USA The area is managed by the Bureau of Land Management (BLM), a government body. Future drilling and any mining will require approval from the BLM and other regulatory bodies
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"> Carnavale and joint venture partner Cordex Exploration (and related party Columbus Gold) has completed and reported prior surface soil, rock chip sampling and geophysical surveys. 10 historical open hole drill holes have been discovered in the project area, however no record of this work has been discovered to date.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The deposit style is currently unknown, however mineralization targeted is Carlin style (Au-Ag) and shear zone hosted Au-Ag and base metals.
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"> The details and location of the drill holes is listed in the report .
Data	<ul style="list-style-type: none"> In reporting Exploration Results, weighting 	<ul style="list-style-type: none"> All assay data listed in this report are uncut



Criteria	JORC Code explanation	Commentary
aggregation methods	<p>averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <ul style="list-style-type: none"> 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. 	<p>continuous half core.</p>
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 (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> All samples are down hole lengths.
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"> Results provide in table in 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 provides geological context to the sampling.
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"> Previous geological mapping of the nearby workings has been undertaken.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg 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"> Additional drilling is subject to results and will be required to undertake a resource estimate.



Appendix 1

Carnavale Resources Limited (ASX:CAV) provides the following addendum to the September 2015 Quarterly Activities Report lodged with the ASX on 30 October 2015 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 September 2015 Quarter

Project/Location	Country	Tenement	Percentage held/earning
Red Hills Project – Nevada	USA	Red 4,6,8,10,12,14, 16,18, 20-48,50- 65,74-82,86-91,95- 124	0% held ¹

¹ Carnavale, through 100% owned subsidiary Tojo Minerals Pty Ltd (Tojo), holds joint venture earn-in rights with Columbus Gold Corporation whereby Tojo has the right to initially earn 51% of the project tenements via expenditure of US\$2M over a period of three years from the execution date of 15 August 2013. Tojo has the additional right to elect to earn an additional 24% (total of 75%) via additional expenditure of US\$7M over a further period of 4 years from this election. Expenditure thereafter is on a pro rata basis with dilution clauses standard in this type of agreement. The project has an underlying 2% Net Smelter Royalty (NSR) to a third party. The agreement has the right for Tojo to purchase 1% of the third party NSR for US\$2M.

Project/Location	Country	Tenement	Percentage held/earning
Little Butte Project - Arizona	USA	Ben 1-9, 10A,11-98, Loma 2,4,5,7,9-12, Locher Ent. 1-4, Smoke Hole 3-5,8,11, Little Butte Ext 2-4, Dollie W, Jaguar, Paradise #2, Paradise, Paradise #1, Paradise Extension, Llano	0% held ²

² Carnavale, through 100% owned subsidiary Tojo Minerals Pty Ltd (Tojo), holds a Property Option Agreement with MinQuest Inc, whereby Tojo has the right to earn 100% of the project tenements via expenditure of US\$6M over a period of ten years from the execution date of 31 July 2013, subject to a retained 3% Net Smelter Royalty (NSR) by MinQuest.