



Ms Elizabeth Harris
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Dear Elizabeth

Revision to ASX Release - Carnavale expands Nickel-Cobalt footprint at Grey Dam, WA

Carnavale Resources Limited ("the Company") has prepared an updated ASX announcement which addresses queries raised by ASX with respect to disclosure of exploration results when a listed entity (CAV) enters into an agreement to acquire a material mining project from another entity and that other entity (the "former owner") has publicly reported Exploration Results for the project under a pre-2012 edition of the JORC Code.

The Company has added references to where the past exploration results can be found in the public domain and included the name of the Vendor of tenement E28/2587, Mr Simon Buswell-Smith.

Yours sincerely

Paul Jurman
Company Secretary

Carnavale expands Nickel-Cobalt footprint at Grey Dam, WA

Option agreement to acquire up to 80% of adjacent tenement increases nickel-cobalt-copper potential along strike at Grey Dam.

Carnavale Resources (ASX: CAV) is pleased to advise it has secured the right to acquire up to 80% of the adjacent tenement E28/2587 (Figure 1), at the Grey Dam project located near Kalgoorlie in Western Australia.

Under the agreement the Company may explore the tenement area and may elect to earn 80% of the tenement within a period of 3 years.

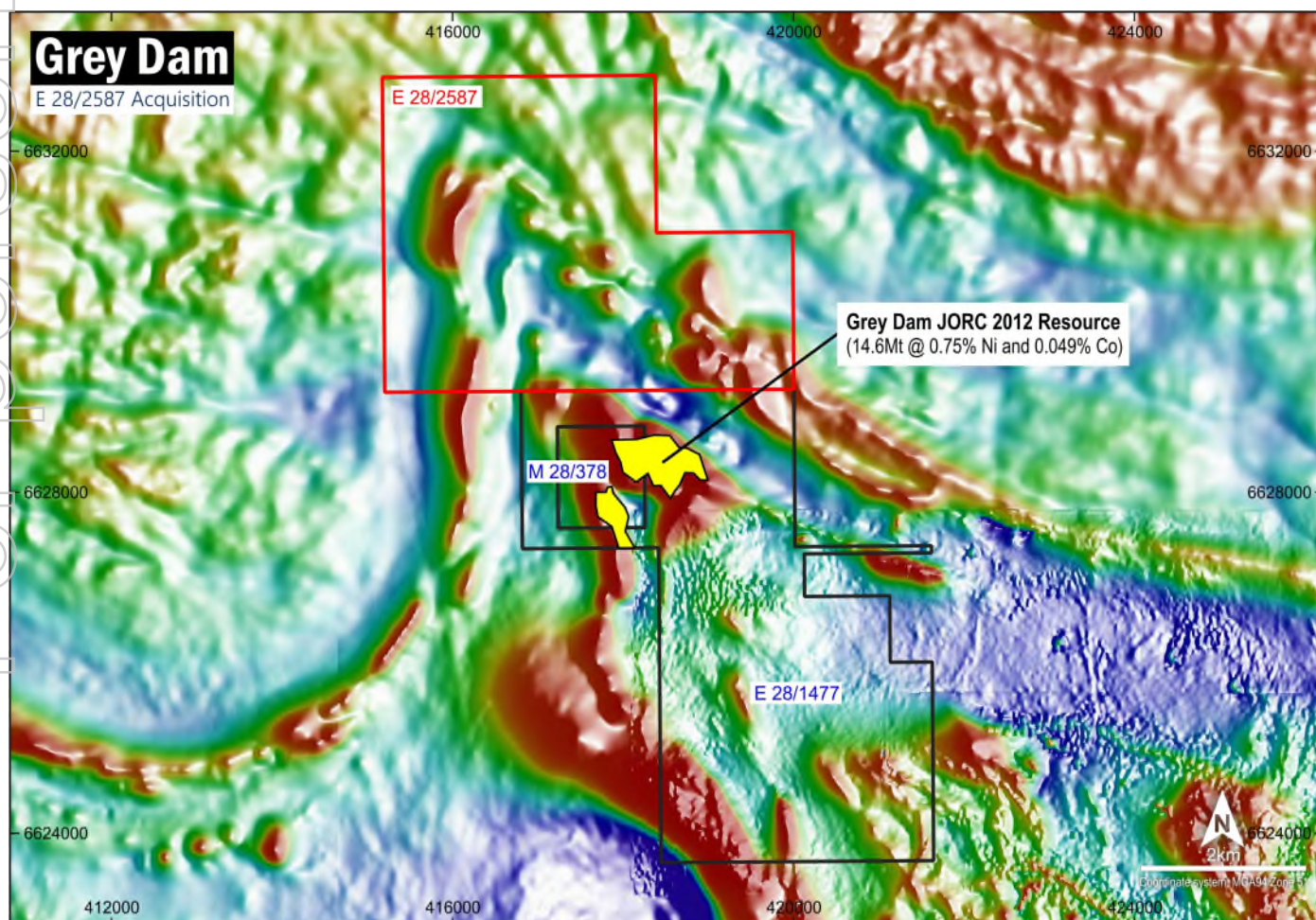
Deeper nickel-cobalt-copper sulphide rich mineralisation to be focus of exploration at Grey Dam.

The expanded Grey Dam project is considered prospective for deeper fresh sulphide rich Ni-Co-Cu mineralisation associated with the prospective ultramafic sequences as well as the demonstrated shallow laterite hosted Ni-Co mineralisation.

Encouraging Ni sulphide rich mineralisation is evident in limited deeper drilling by previous explorers. Shallow historic drilling on E28/2587 also demonstrates oxide nickel mineralisation (11m @ 0.44% Ni and 3m @ 0.5% Ni) and anomalous cobalt and copper, spatially associated with the folded ultramafic sequence as seen on Carnavale's neighbouring tenement area (For drilling information refer *WAMEX Report A080856 "Exploration of P28/1027 Annual Report for the period ending 12th July 2008"*).

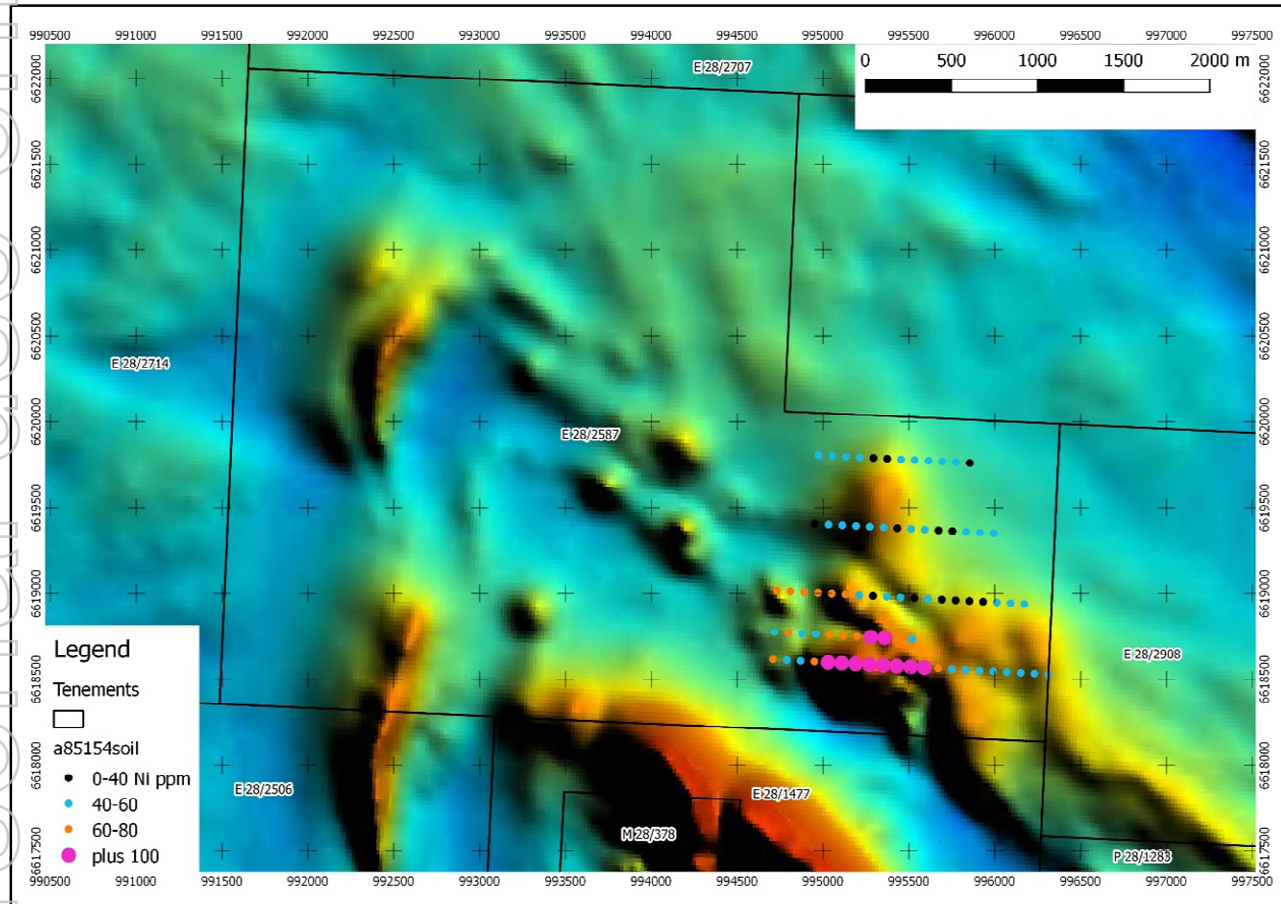
The planned exploration programme going forward consists of detailed independent geological evaluation including a thorough re-interpretation of geology, structure and previous exploration data to determine priority target areas for a detailed ground EM survey with drill testing of EM targets to follow.

Figure 1 Grey Dam Project showing prospective magnetics trends and E28/2587. (Grey Dam JORC 2012 Resource reference: "Grey Dam Ni-Co Mineral Resource Update", 26 February 2019.)



Past exploration highlights an area of anomalous nickel in historic soil sampling (Figure 2) spatially associated with the prospective ultramafic sequence (magnetic high in the image). This magnetic sequence occurs for approximately 6km within E28/2587 and correlates with similar magnetic sequences in the Company's adjacent tenements E28/1477 and M28/378 which hosts the remobilised Ni-Co resource over similar magnetic high ultramafic units. (For soil information refer to *WAMEX Report A085154 "Mooree Hill Project E28/1187 Final Surrender Report" Nov 2009*).

Figure 2 Anomalous nickel results in historic soil sampling, E28/2587 (provided by vendor)



Previous explorers, Gutnick Resources NL, Mt Kersey Mining NL and Condor Nickel Ltd have undertaken limited shallow and generally wide spaced aircore and RAB drilling (Figure 3). Drilling programmes summarised in Table 1 below include drilling completed on the tenement.

Table 1 Drilling summary on E28/2587

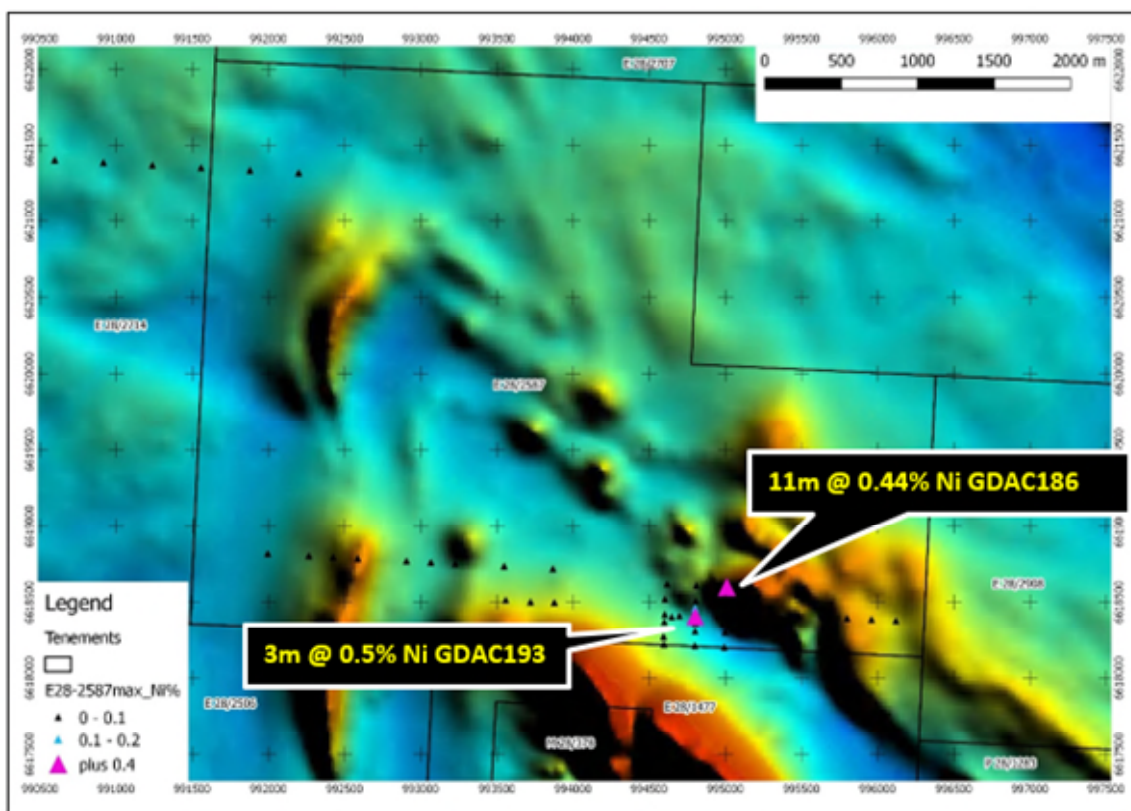
| Company | Year | Hole type | Number of holes | Total metres drilled |
|----------------------|------|-----------|-----------------|----------------------|
| GUTNICK RESOURCES NL | 1993 | RAB | 15 | 709 |
| MT KERSEY MINING NL | 1999 | AC | 11 | 355 |
| CONDOR NICKEL LTD | 2007 | AC | 18 | 599 |

Notable historic drilling results include drill holes GDAC186 with 11m @ 0.44% Ni, with the hole ending in 0.5% nickel, and GDAC193 with 3m @ 0.5% Ni. The nickel results are associated with anomalous copper and cobalt. Only the Condor Nickel drilling programme assayed for Ni, Co and Cu with the other two drilling programmes targeting gold only (refer Table 2).

The potential for deeper fresh nickel sulphide mineralisation has not been tested within E28/2587 and only limited deeper drilling has occurred on Carnavale's adjacent tenements. Importantly and as previously reported, encouraging deeper drill results show potential for nickel sulphide mineralisation within E28/1477 including **33m @ 0.43% Ni and 0.73% Co** from 148m, **3m @ 1.14% Ni and 0.04% Co** from 157m and **3m @ 1.18% Ni and 0.015% Co** from 104m (refer to CAV ASX release "New Cobalt Acquisition in Western Australia", 19 March 2018).

The combined tenement package is also considered prospective for orogenic gold mineralisation with large areas considered untested. The geological review will include an assessment of gold potential.

Figure 3 Historic drill hole locations showing significant nickel results (provided by vendor)



ACQUISITION TERMS

Carnavale has secured an option to acquire an 80% interest in E28/2587 from Simon Buswell-Smith (the Vendor) on following terms:

- Upon signing of the agreement Carnavale is to pay an Option Fee of \$10,000 (completed).
- Carnavale will have a three (3) year period (Option Period) from signing the agreement during which Carnavale has the sole right to explore the tenement at its sole cost and is to keep the tenements in good standing.
- Carnavale has the right to withdraw from the agreement at any time by providing 30 days written notice.
- Carnavale may elect to acquire 80% of the tenement by written notice and the payment of \$80,000 to the vendor within the Option Period.
- On acquisition of 80%, both parties to enter into a formal Joint Venture on a pro rata contributing basis.
- If the Vendor elects not to contribute to the Joint Venture, for each \$100,000 sole funded by CAV, it shall receive an additional 1% interest up to a maximum of an additional 10% interest by sole funding expenditure of \$1,000,000.
- Upon Carnavale earning 90% of project, the vendor will have a 10% free carried interest until decision to mine.

The vendor is not a related party to Carnavale or its Directors.



CARNAVALE RESOURCES LIMITED

ASX release 28 June 2019

Table 2 Historic assay results

| Hole_id | From | To | Sample_id | Co | Cu | Ni |
|---------|------|----|-----------|--------|--------|---------|
| GDAC186 | 0 | 1 | GA13611 | 15.58 | 48.56 | 158.96 |
| GDAC186 | 1 | 2 | GA13612 | 28.36 | 74.96 | 232.86 |
| GDAC186 | 2 | 3 | GA13613 | 18.75 | 109.91 | 147.21 |
| GDAC186 | 3 | 4 | GA13614 | 12.07 | 86.83 | 190.8 |
| GDAC186 | 4 | 5 | GA13615 | 12.47 | 112.92 | 260.66 |
| GDAC186 | 5 | 6 | GA13616 | 36.02 | 178.64 | 926.36 |
| GDAC186 | 6 | 7 | GA13617 | 26.55 | 128.08 | 1128.46 |
| GDAC186 | 7 | 8 | GA13618 | 39.32 | 160.2 | 1548.46 |
| GDAC186 | 8 | 9 | GA13619 | 58.5 | 207.11 | 1479.91 |
| GDAC186 | 9 | 10 | GA13620 | 62 | 133.06 | 2169.46 |
| GDAC186 | 10 | 11 | GA13621 | 86.6 | 170.27 | 3774.46 |
| GDAC186 | 11 | 12 | GA13622 | 62.76 | 139.36 | 3337 |
| GDAC186 | 12 | 13 | GA13623 | 76.56 | 72.16 | 4338.91 |
| GDAC186 | 13 | 14 | GA13624 | 91.9 | 57.05 | 4638.46 |
| GDAC186 | 14 | 15 | GA13625 | 77.37 | 29.33 | 5462.46 |
| GDAC186 | 15 | 16 | GA13626 | 95.74 | 60.2 | 5849.46 |
| GDAC186 | 16 | 17 | GA13627 | 96.68 | 62.91 | 5494.46 |
| GDAC186 | 17 | 18 | GA13628 | 45.33 | 40.85 | 2690.91 |
| GDAC186 | 18 | 19 | GA13629 | 82.45 | 39.85 | 3073.46 |
| GDAC186 | 19 | 20 | GA13630 | 178.6 | 31.94 | 2922 |
| GDAC186 | 20 | 21 | GA13631 | 452.9 | 48.21 | 4127 |
| GDAC186 | 21 | 22 | GA13632 | 393.03 | 64.2 | 4851.46 |
| GDAC186 | 22 | 23 | GA13633 | 413.6 | 136.6 | 5008 |

| Hole_id | From | To | Sample_id | Co | Cu | Ni |
|---------|------|----|-----------|--------|-------|---------|
| GDAC193 | 28 | 29 | GA13859 | 108.56 | 35.31 | 1213.86 |
| GDAC193 | 29 | 30 | GA13860 | 255.25 | 68.17 | 5938.36 |
| GDAC193 | 30 | 31 | GA13861 | 304.97 | 83.52 | 5016.56 |
| GDAC193 | 31 | 32 | GA13862 | 362.28 | 31.57 | 4932.96 |

For further information contact:

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Andrew Beckwith
Director



Competent Persons Statement

The information in this report that relates to Exploration Results for the Grey Dam Project (E28/1477 and M28/378) is based on, and fairly represents information and supporting documentation prepared by Mr. Andy Beckwith, a Competent Person who is a Member of The Australian Institute of Geoscientists. 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.

The Information in this report that relates to Mineral Resources is based on and fairly represents information and supporting documentation prepared by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services Pty Ltd. Mr Payne 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 Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results for E28/2587;

- have not been reported in accordance with the JORC Code 2012;*
- the Competent Person has not done sufficient work to disclose the Exploration Results in accordance with the JORC Code 2012;*
- it is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012;*
- nothing has come to the attention of the acquirer that causes it to question the accuracy or reliability of the former owner's Exploration Results; but*
- the acquirer has not independently validated the former owner's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.*

Carnavale intends to engage an independent consultant to review the entire Grey Dam project including E28/2587 and complete an evaluation of nickel and gold potential during the September 2019 quarter. As Carnavale advances the Grey Dam Project it is the Company's intention to then carry out further geophysical surveys with a view to drill testing any priority targets. It is planned that these programs will be funded from the Company's existing working capital and the proposed capital raising (Rights issue) previously announced on 30 May 2019. Investors should note that even when these steps are undertaken, there is uncertainty that the Company will be able to report exploration in accordance with the JORC Code 2012.

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.

References

**WAMEX Report A080856 "Exploration of P28/1027 Annual Report for the period ending 12th July 2008"*

**WAMEX Report A085154 "Mooree Hill Project E28/1187 Final Surrender Report" Nov 2009*

"New Cobalt Acquisition in Western Australia", 19 March 2018.

"High grade Ni-Co defined at Grey Dam", 10 October 2018.

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

**WAMEX reports can be found at www.dmp.wa.gov.au.*