



QUARTERLY ACTIVITY REPORT

For the period ended 31 December 2016

Carnavale Resources Limited (“CAV” or “the Company”) reports on activities completed during the quarter to 31 December 2016.

Highlights

Lake Roe Project – Au (100% CAV)

- Maiden Lake Roe RC drilling programme at the Stag and Triumph Prospects on E28/2303 completed during the quarter (refer ASX announcement dated 13 December 2016)

STAG SHEAR ZONE TARGET

- High grade supergene gold mineralisation confirmed associated with the Stag Shear

SRC003 11m @ 2.39g/t from 108m

including 1m @ 20.8g/t from 112m

and 1m @ 1.32g/t from 117m

- Anomalous supergene gold mineralisation remains open to north along the interpreted Stag Shear Zone extensions in historical RAB drilling

TRIUMPH TREND TARGET

- Triumph Trend is parallel and to the east of the Stag Shear
- Drill hole SRC011 was drilled further to the east closer to the granite intrusion with significant result

SRC011 7m @ 0.52g/t from 95m

including 1m @ 1.55g/t from 98m

- This zone remains untested along strike and at depth

Corporate

- Company continues to review additional project opportunities;

CARNAVALE RESOURCES

(A.C.N 119 450 243)

ASX Code: **CAV**

Shares: 459M

Directors

Ron Gajewski (Chairman)

Andrew Beckwith (MD)

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

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Lake Roe Project - Au (100% CAV)

The Lake Roe Project, comprises of two exploration licenses (E28/2303 and E28/2304) located 120km ENE of Kalgoorlie. The two tenements cover a sequence of deformed Archean greenstone belt within the Southern Laverton Tectonic Zone (SLTZ) and are considered prospective for gold mineralisation.

The Southern Laverton Tectonic Zone is host to a number of large gold deposits with the Lake Roe Project area centred between Carosue Dam (3.5Moz), located approximately 40km to the north, and Karonie (0.9Moz), approximately 50km to the south. These deposits are associated with the major Keith-Kilkenny and Claypan Shears, which represent two major tectonic shear zones that converge near the Lake Roe region.

During the quarter, the Company completed the maiden Lake Roe RC drilling programme which consisted of 12 holes for a total advance of 1,360m. The programme targeted the northwest southeast trending Stag Shear Zone where previous vertical RAB and aircore drilling located on 200m spaced drill traverses intersected a series of anomalous zones over a total strike length of over 600m (Figure 1). Limited historic follow-up RC and diamond drilling comprised of 2 RC and 2 diamond holes. (refer ASX announcement dated 13 December 2016).

An additional zone of anomalous supergene gold, termed the Triumph Trend (Figure 1), was also defined to the east of the Stag Shear Zone closer to the granite intrusion to the east. This anomalous zone is parallel to the Stag Shear, also trending southeast northwest, with no previous follow-up drilling undertaken along this target.

Stag Shear Zone Target

The Stag Shear Zone is a second order southeast northwest trending structure off the major north south trending first order Claypan Shear, that hosts Breaker's Bombora Prospect. The structure is highlighted in airborne magnetics and coincident with anomalous gold (>50ppb) over a >600m strike length as defined by anomalous gold in earlier vertical reconnaissance RAB and aircore drilling, nominally spaced on traverses 200m apart with holes 50m apart.

Results of the recent RC drilling showed the area is blanketed by 30-40m of barren and unconsolidated transported sediments and lateritic gravels followed by deep saprolite clays to approximately 70-80m depth and then partially weathered and fresh basement rocks. This deeply weathered nature and thick transported barren overburden compounds the difficulties in exploring and targeting the mineralised structures.

The gold mineralisation was confirmed and is hosted in partially weathered, sheared and foliated sericite-chlorite schist with minor thin quartz and carbonate rich veining. This shearing is interpreted to represent the Stag Shear Zone.

The results of drill hole SRC003 confirmed the shear hosted mineralisation with

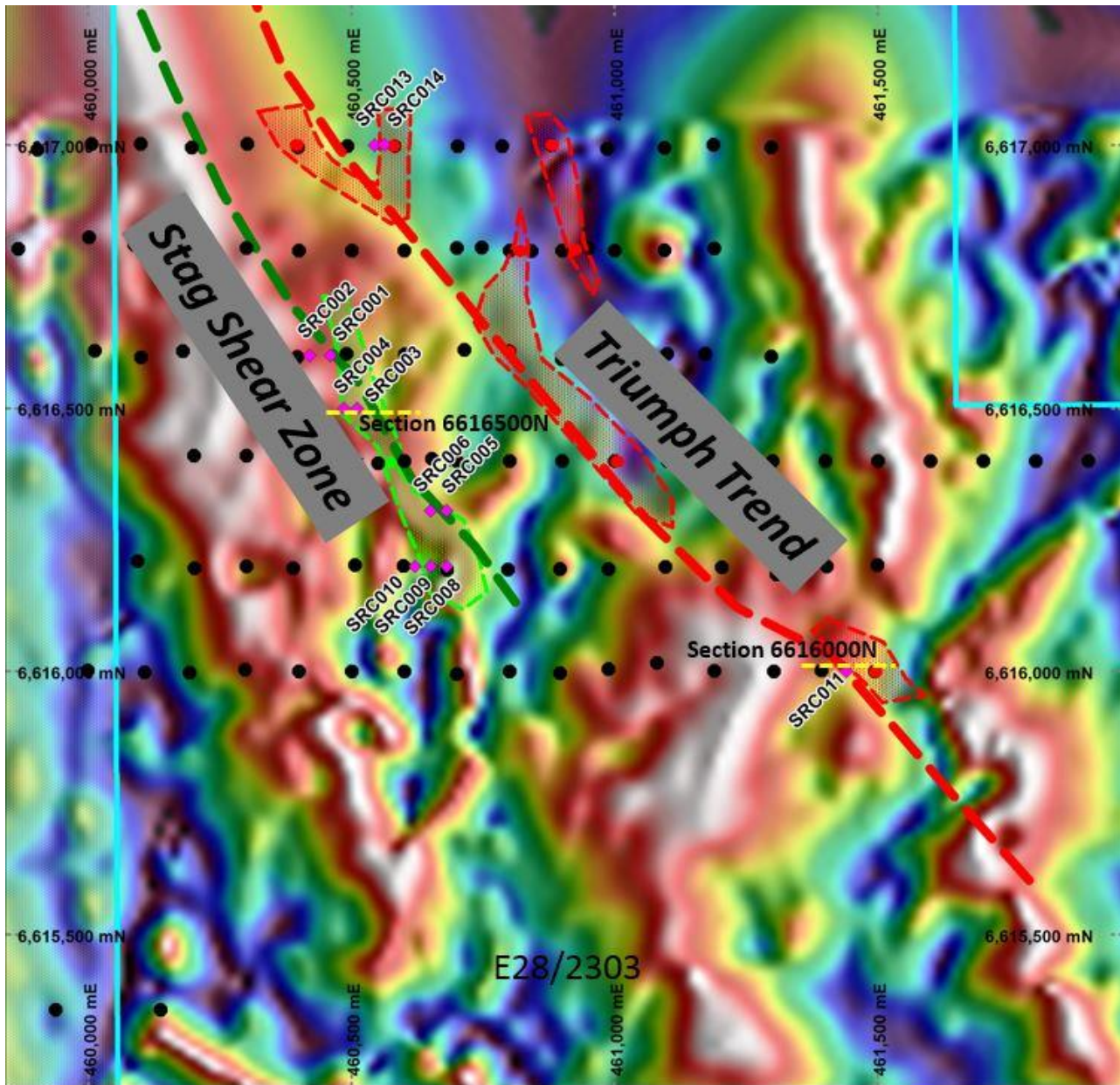
11m @ 2.39g/t from 108m

including **1m @ 20.8g/t from 112m**

and **1m @ 1.32g/t from 117m.**



Figure 1 Location Plan - STAG and TRIUMPH Targets showing drill hole locations



The shear zone is also now interpreted to be sub-vertical in orientation and remains open at depth below the zone of depletion evident in the deepest drilling to date.

Triumph Trend

The northwest southeast trending Triumph Trend is a parallel trend/structure to the Stag Shear (Figure 1) and is defined by a structure in magnetic imagery and to a lesser extent by anomalous results in earlier reconnaissance RAB and aircore drilling.

The trend was tested with two lines of RC drilling. Drilling intersected significant supergene gold mineralisation in the weathering saprock just prior to the fresh bedrock interface in hole SRC011.

SRC011 **7m @ 0.52g/t from 95m**

including **1m @ 1.55g/t from 98m**



This mineralisation is considered to be remobilised in the weathered bedrock and currently the actual Triumph structure remains untested in the fresh bedrock. At the northern end of this trend, two drill holes failed to reach target depth due to difficult drilling conditions through the transported sediments and therefore the structure remains untested at this location.

Future Programmes

Carnavale is currently assessing various geophysical techniques that may aid targeting of the structures prior to committing to further drilling.

Business Development

The Company continues to assess various opportunities in the resource sector. A number of resource projects were reviewed during the period, with selected reviews continuing.

Corporate

The Company had a cash position of \$930,000 as at 31 December 2016.

The Annual General Meeting was held on the 24 November 2016 where all resolutions were approved.

For further information contact:

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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. 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.

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 December 2016 Quarter

Project/Location	Country	Tenement	Percentage held/earning
Roe Project – Western Australia	Australia	EL 28/2303 EL 28/2304	100%

Schedule of Mining Tenements, Beneficial Interests and agreements

Acquired during the December 2016 Quarter

Project/Location	Country	Tenement	Percentage held/earning
N/A.			

Schedule of Mining Tenements, Beneficial Interests and agreements

Disposed of during the December 2016 Quarter

Project/Location	Country	Tenement	Percentage held/earning
N/A			