

8 April 2021

Dear Shareholder

Carnavale Resources Limited – Notice of Meeting

Carnavale Resources Limited A.C.N 119 450 243 (**Company**) advises that a General Meeting (“Meeting”) of the Company will be held in person at 3.30pm (AWST) on Friday, 7 May 2021 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

Noting the temporary modifications to the Corporations Act introduced under the Corporations (Coronavirus Economic Response) Determination (No.3) 2020, which has now lapsed but by reference to the ‘no action’ position adopted by ASIC in its Media Release 21-061, the Company will not be sending hard copies of the Notice of Meeting and Explanatory Memorandum to Shareholders. Instead, Shareholders can view and download the Notice of Meeting and accompanying Explanatory Memorandum on the Company’s website at www.carnavaleresources.com or from the ASX website at www.asx.com.au.

With regards to the COVID-19 pandemic, the Company will adhere to all social distancing measures prescribed by government authorities at the Meeting, and Shareholders attending the Meeting will need to ensure they comply with the protocols. We are concerned for the safety and health of Shareholders, staff and advisers, so we will put in place certain measures including social distancing requirements.

If Shareholders wish to attend the Meeting in person they will need to contact the Company Secretary, Mr Paul Jurman (email: admin@carnavaleresources.com) in order for the Company to ensure it is able to maintain compliance with COVID-19 related restrictions applicable as at the Meeting date.

Each Resolution will be decided by poll, based on proxy votes and by votes from Shareholders in attendance at the Meeting. Shareholders are strongly encouraged to vote by lodging the proxy form attached to this letter, in accordance with the instructions set out on that form, by no later than 3.30pm (Perth time) on 5 May 2021.

In the event that it is necessary or appropriate for the Company to make alternative arrangements for the Meeting, information will be lodged with the ASX at www.asx.com.au (ASX: CAV) and the Company’s website at www.carnavaleresources.com.

The Directors of the Company appreciate your understanding given the surrounding circumstances.

By order of the board



Mr Paul Jurman
Company Secretary



CARNAVALE RESOURCES LIMITED

ACN 119 450 243

NOTICE OF GENERAL MEETING

TIME: 3.30pm (WST)

DATE: 7 May 2021

PLACE: Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Wednesday 5 May 2021.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 9098.

BUSINESS OF THE MEETING

Notice is given that the General Meeting of Shareholders of Carnavale Resources Limited will be held at 3.30pm (WST) on 7 May 2021 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 100,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 200,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – PLACEMENT ISSUE OF OPTIONS

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 150,000,000 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – PARTICIPATION BY DIRECTOR, R GAJEWSKI IN CAPITAL RAISING ISSUE OF SHARES AND OPTIONS

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares at \$0.007 per Share and 7,500,000 free attaching Options to Mr R Gajewski, a Director of the Company (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – PARTICIPATION BY DIRECTOR, A BECKWITH IN CAPITAL RAISING ISSUE OF SHARES AND OPTIONS

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for the Company to issue up to 3,000,000 Shares at \$0.007 per Share and 1,500,000 free attaching Options to Mr A Beckwith, a Director of the Company (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES TO RUTH PANETH

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares (**Paneth Shares**) to Ruth Paneth, on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – CONSULTANT OPTIONS TO MR M JACKSON

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 7,000,000 Consultant Options to Mr M Jackson on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

8. RESOLUTION 8 – APPROVAL FOR THE ISSUE OF BROKER OPTIONS

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 40,000,000 Broker Options to Golden Triangle Capital Ltd (**GTCap**) or its nominees, on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

Voting Exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

Resolutions 1 and 2: by or on behalf of a person who participated in the issue of the Shares or is a counterparty to the agreement being approved or an associate of that person or those persons;

Resolution 3: by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any associate of them;

Resolutions 4 and 5: by or on behalf of Mr Gajewski (and his nominees) (Resolution 4) and Mr Beckwith (and his nominees) (Resolution 5), and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any associate of them;

Resolutions 6 and 7: by or on behalf of Ruth Paneth (Resolution 6) and Mr Jackson (Resolution 7) and any person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons; and

Resolution 8: by or on behalf of GTCap or its nominees and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way

Explanatory Notes

If you wish to appoint a member of the key management personnel (which includes each of the directors and the Chair) as your proxy, please read the voting exclusion above and in the proxy form carefully. Shareholders are encouraged to direct their proxies how to vote.

How the Chair will vote available proxies- The Chair of the Meeting intends to vote all available proxies in favour of all of the resolutions set out in the Notice.

Default to the Chair – Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chair of the Meeting, who is required to vote proxies as directed.

DATED: 7 APRIL 2021
BY ORDER OF THE BOARD



PAUL JURMAN
COMPANY SECRETARY

Voting by proxy

Shareholders are strongly urged to appoint the Chair of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be exercised on each item of business, and the Chair of the Meeting must follow your instructions. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice of Meeting. Proxy votes must be received by 3.30pm (WST) on Wednesday 5 May 2021.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Questions

Shareholders may submit questions in advance of the Meeting to the Company Secretary. Questions must be submitted by email to the Company Secretary at admin@carnavalreresources.com. Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its operations.

Enquiries

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary +61 8 9380 9098.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 3.30pm (WST) on 7 May 2021 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. BACKGROUND

As announced to ASX on 11 March 2021 (**Announcement**), the Company advised it had agreed to acquire 100% of the Barracuda Platinum-Palladium-Nickel-Copper (PGE-Ni-Cu) Project (granted license E58/551) located 60km east of the gold mining town of Mt Magnet in the Murchison district of Western Australia and it had entered into a capital raising mandate (**Mandate**) with Golden Triangle Capital Pty Ltd (**GTCap**).

In the Announcement the Company disclosed that it had received commitments to subscribe for 318,000,000 fully paid shares (**Shares**) at an issue price of \$0.007 per Share to raise \$2,226,000 (before costs) together with 159,000,000 free attaching Options (exercisable at \$0.01 on or before 31 July 2022) (**Options**) on the basis of 1 Option for every 2 Shares issued (**Capital Raising**).

The Capital Raising comprises three tranches:

- 300,000,000 Shares were issued on 17 March 2021 pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1 (in respect of a total of 100,000,000 Shares) and 7.1A (in respect of a total of 200,000,000 Shares) (**Tranche 1**);
- 150,000,000 free attaching Options to be issued to the participants of Tranche 1, subject to Shareholder approval, which is being sought at this Meeting under Resolution 3 (**Tranche 2**); and
- 18,000,000 Shares (and 9,000,000 Options) to be issued to existing Directors, comprising Mr Gajewski (15,000,000 Shares and 7,500,000 Options) and Mr Beckwith (3,000,000 Shares and 1,500,000 Options), subject to Shareholder approval, which is being sought at this Meeting under Resolutions 4 and 5 (**Tranche 3**).

Tranche 1 was issued on 17 March 2021 pursuant to the Company's combined placement capacity under ASX Listing Rules 7.1 and 7.1A. The Company is seeking Shareholder approval under Resolutions 1 and 2 for the ratification of the issue of these Shares. The Company is seeking Shareholder approval under Resolution 3 for Tranche 2, being the issue of 150,000,000 free attaching Options to be issued to the participants of Tranche 1.

The Company is also seeking Shareholder approval under Resolutions 4 and 5 for the issue of Tranche 3, for participation in the Capital Raising by two of the existing Directors, Mr Gajewski and Mr Beckwith.

In addition, the Company is seeking Shareholder approval for:

- (i) the ratification of the issue of 2,000,000 Shares to a nominee of Mr Ron Paneth (a non-related party to Carnavale or its Directors) in settlement of fees for consultancy services provided by Mr Paneth relating to the Kookynie Gold Project (refer to Resolution 6);

- (ii) the ratification of the issue of 7,000,000 Consultant Options to Mr Michael Jackson, as partial compensation for his role as a technical consultant in relation to geological services in respect of the Company's exploration projects (refer to Resolution 7); and
- (iii) the issue of up to 40,000,000 Broker Options representing a fee for managing the Capital Raising the subject of Resolutions 1 – 3 (refer to Resolution 8).

2. RESOLUTIONS 1 AND 2 – RATIFICATION OF PRIOR ISSUE – SHARES

2.1 Background

On 17 March 2021, the Company issued 300,000,000 Shares at an issue price of \$0.007 per Share to raise \$2.1 million. 100,000,000 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being, the subject of Resolution 1) and 200,000,000 Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the annual general meeting held on 30 November 2020 (being, the subject of Resolution 2).

GTCap acted as Lead Manager to the Capital Raising.

2.2 Listing Rules 7.1 and 7.1A

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The issue of the 300,000,000 Shares does not fit within any of the exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the 300,000,000 Shares.

2.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, Resolutions 1 and 2 are seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the 300,000,000 Shares.

2.4 Technical information required by Listing Rule 14.1A

If Resolutions 1 and 2 are passed, the 300,000,000 Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the 300,000,000 Shares.

If Resolutions 1 and 2 are not passed, the 300,000,000 Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A,

effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the 300,000,000 Shares.

2.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

- (a) 300,000,000 Shares were issued to high net worth overseas, sophisticated and professional investors who are:
 - (i) clients of GTCap; or
 - (ii) current strategic investors in the Company;

none of whom are related parties or Material Investors of the Company.

- (b) 300,000,000 Placement Shares were issued on the following basis:
 - (i) 100,000,000 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 1); and
 - (ii) 200,000,000 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 2);
- (c) the 300,000,000 Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued on 17 March 2021;
- (e) the issue price was \$0.007 per Share under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has agreed to issue one free attaching Option (exercisable at \$0.01 on or before 31 July 2022) (**Options**) on the basis of 1 Option for every 2 Shares issued. Further details regarding the Options are set out in Section 3 and Schedule 1;
- (f) the purpose of the issue of the 300,000,000 Shares was to raise \$2,100,000, which will primarily be used to acquire the Barracuda PGE-Ni-Cu Project, fund the initial exploration work and provide working capital. The exploration program will include an airborne EM survey and detailed review of the Project geochemistry and aeromagnetism; and
- (g) a voting exclusion statement is included in the Notice.

3. RESOLUTION 3 – PLACEMENT ISSUE OF OPTIONS

3.1 General

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 150,000,000 Options to the participants in the Capital Raising as per Resolutions 1 and 2. Refer to Section 1 for further details regarding the background to Resolution 3.

The Board recommends that Shareholders vote in favour of Resolution 3.

3.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in section 2.2 above. Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Options does not fit within any of these exceptions. The Company wishes to retain as much flexibility as possible to issue additional equity

securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

3.3 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Options to the participants in the Capital Raising. In addition, the issue of these Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the issue of the Options to the participants in the Capital Raising can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of these Options to the participants in the Capital Raising.

3.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) The maximum number of Securities to be issued is 150,000,000 Options;
- (b) the Options are intended to be issued on 10 May 2021 and in any event, will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue will occur on the same day;
- (c) 150,000,000 Options will be issued for nil cash consideration, as they are free on the basis of one free attaching Option for every two Shares subscribed under Resolutions 1 and 2;
- (d) The Options will be issued to high net worth overseas, sophisticated and professional investors who participated in the Capital Raising pursuant to Resolutions 1 and 2, none of whom are related parties or Material Investors of the Company;
- (e) each Option is exercisable at \$0.01 each on or before 31 July 2022. The full terms and conditions of the Options are set out in in Schedule 1;
- (f) No funds will be raised from the issue of the Options; and
- (g) a voting exclusion statement is included in the Notice.

4. RESOLUTIONS 4 AND 5 – PARTICIPATION BY DIRECTORS IN CAPITAL RAISING ISSUE OF SHARES AND OPTIONS

4.1 General

Resolutions 4 and 5 are seeking Shareholder approval for the issue of up to 18,000,000 Shares at an issue price of \$0.007 each, together with one free attaching Option for every two Shares subscribed for and issued, to raise up to \$126,000.

Resolution 4 seeks Shareholder approval for the issue of up to 15,000,000 Shares at an issue price of \$0.007 per Share and 7.5,000,000 Options to Mr Gajewski (or his nominee) arising from participation by Mr Gajewski in Tranche 3 of the Capital Raising.

Resolution 5 seeks Shareholder approval for the issue of up to 3,000,000 Shares at an issue price of \$0.007 per Share and 1,500,000 Options to Mr Beckwith (or his nominee) arising from participation by Mr Beckwith in Tranche 3 of the Capital Raising.

Mr Gajewski's and Mr Beckwith's participation in the Capital Raising will be on the same terms and conditions as the other participants.

4.2 ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Two of the existing Directors, Mr Gajewski and Mr Beckwith, wish to participate in Tranche 3 of the Capital Raising following approval of Resolutions 4 and 5. Each of these persons is a related party within the terms of the ASX Listing Rules. Accordingly, the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11 unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Securities to Mr Gajewski and Mr Beckwith (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4.3 Technical information required by Listing Rule 14.1A

If Resolutions 4 and 5 are passed, the Company will be able to proceed with Tranche 3 of the Capital Raising in the proportions set out above in Section 4.1 above.

If Resolutions 4 and 5 are not passed, the Company will not be able to proceed with the issue of Tranche 3 of the Capital Raising.

4.4 Chapter 2E of the Corporations Act – Related Party Transactions

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Directors' participation in Tranche 3 of the Capital Raising will result in the issue of Shares and Options which constitutes giving a financial benefit and Mr Gajewski and Mr Beckwith are related parties of the Company by virtue of being Directors.

The terms and conditions upon which the related parties the subject of Resolutions 4 and 5 will subscribe for the Capital Raising Securities will be the same terms and conditions under which other investors have subscribed for Securities under the Capital Raising under Resolutions 1, 2 and 3 (being \$0.007 per Share, together with one free attaching Option for every two Shares subscribed for and issued). On this basis, the Directors (other than Mr Gajewski with respect to Resolution 4 and Mr Beckwith with respect to Resolution 5, who have material personal interests in Resolutions 4 and 5 respectively) consider that the participation of the related parties could be seen to be on reasonable arms length terms (and thereby an exception to Chapter 2E) and accordingly, the Company will not also seek approval for the issue of Shares and Options to Mr Gajewski and Mr Beckwith pursuant to section 208 of the Corporations Act.

4.5 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Directors' participation in the issue of Securities under Tranche 3 of the Capital Raising:

- (a) the Securities, the subject of Resolutions 4 and 5, will be issued to Mr Gajewski and Mr Beckwith who are Directors of the Company (or their nominee(s));
- (b) Pursuant to Listing Rule 10.11.1, Mr Gajewski and Mr Beckwith are related parties by virtue of being Directors.
- (c) the maximum number of Securities to be issued is:
 - (i) up to 15,000,000 Shares and 7.5,000,000 Options to Mr Gajewski (or his nominee); and
 - (ii) up to 3,000,000 Shares and 1.5,000,000 Options to Mr Beckwith (or his nominee).

Their subscription will be on the same terms and conditions as other subscribers to Tranches 1 and 2 of the Capital Raising, the subject of Resolutions 1, 2 and 3. The Directors' subscription, if approved by Shareholders, will form all of Tranche 3 of the Capital Raising;

- (d) the Securities will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Securities will occur on the same date;
- (e) the issue price will be \$0.007 per Share, with one free attaching Option for every two Shares subscribed for and issued, being the same as all other Shares and Options issued under the Capital Raising;
- (f) the Shares will be issued on the same terms as referred to in Resolutions 1 and 2 above and will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and the Options will be issued on the same terms as referred to in Resolution 3 above. The full terms and conditions of the Options are set out in in Schedule 1;

- (g) the Company intends to use the funds raised from the issue of the Shares for the same purposes as all other funds raised under the Capital Raising as set out in section 2.5(f) above;
- (h) There are no other material terms to the agreement by the Directors to subscribe for the Securities under Tranche 3 of the Capital Raising; and
- (i) A voting exclusion statement is included in the Notice.

5. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES TO RUTH PANETH

5.1 General

As announced to ASX on 6 November 2020, the Company advised it had issued 2,000,000 Shares to a nominee of Mr Ron Paneth (a non-related party to Carnavale or its Directors) in settlement of fees for consultancy services provided by Mr Paneth relating to the Kookynie Gold Project. There are no other material terms to the agreement other than the issue of the 2,000,000 Shares.

5.2 Listing Rule 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is set out in sections 2.2 and 2.3 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Paneth Shares.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Paneth Shares will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Paneth Shares.

If Resolution 6 is not passed, the Paneth Shares will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Paneth Shares.

5.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) 2,000,000 fully paid ordinary shares were issued to Ruth Paneth, who is not a related party of the Company;
- (b) the Paneth Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (c) The Paneth Shares were issued on 6 November 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (d) no funds were raised from the issue of the Paneth Shares, as they were issued as a fee for consultancy services provided by Mr Paneth relating to the Kookynie Gold Project; and
- (e) a voting exclusion statement is included in the Notice.

6. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – CONSULTANT OPTIONS TO MR M JACKSON

6.1 General

As announced to ASX on 1 December 2020, the Company advised it had issued 7,000,000 Consultant Options to Mr Michael Jackson, as partial compensation for his role as a technical consultant in relation to geological services in respect of the Company's exploration projects. There are no other material terms to the agreement other than the issue of the 7,000,000 Consultant Options.

The Consultant Options were issued pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1.

6.2 Listing Rule 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is set out in sections 2.2 and 2.3 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 7 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Consultant Options to Mr Jackson.

6.3 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Consultant Options issued to Mr Jackson will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Consultant Options to Mr Jackson.

If Resolution 7 is not passed, the issue of the Consultant Options to Mr Jackson will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Consultant Options to Mr Jackson.

6.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) 7,000,000 Consultant Options were issued to Mr Jackson, who is not a related party of the Company;
- (b) the issue price for the Consultant Options was nil;
- (c) the Consultant Options have an expiry date of 30 November 2022 and, are subject to the terms and conditions set out in Schedule 2;
- (d) The Consultant Options were issued on 1 December 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (e) no funds were raised from the issue of the Consultant Options as they were issued for nil cash consideration to incentivise Mr Jackson to provide geological services at Carnavale's projects; and
- (f) a voting exclusion statement is included in the Notice.

7. RESOLUTION 8 – APPROVAL FOR THE ISSUE OF BROKER OPTIONS

7.1 General

Resolution 8 seeks Shareholder approval for the issue of up to 40,000,000 Broker Options, each exercisable at \$0.01 each and expiring on or before 31 July 2022, to Golden Triangle Capital Pty Ltd ('GTCap') (or its nominees).

GTCap was appointed as Lead Manager for the Capital Raising the subject of

Resolutions 1 – 3, as detailed in section 1 above. In consideration for their services, the Company has paid GTCap a fee of 6% (exclusive of goods and services tax) on the amount raised under the Capital Raising and (subject to Shareholder approval) agreed to issue GTCap 40,000,000 Broker Options the subject of this Resolution. There are no other material terms to the Mandate.

7.2 Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 2.2 above. Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Broker Options does not fit within any of these exceptions. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

7.3 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Broker Options to GTCap (or its nominees). In addition, the issue of these Broker Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 8 is not passed, the issue of the Broker Options to GTCap (or its nominees) can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

Resolution 8 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of these Broker Options to GTCap (or its nominees).

7.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the maximum number of Broker Options to be issued is 40,000,000 Options exercisable at \$0.01 each and expiring on 31 July 2022. The full terms and conditions of the Broker Options are set out in in Schedule 1;
- (b) the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Broker Options will occur on the same date;
- (c) the Broker Options will be issued for nil cash consideration as partial consideration for managing the Capital Raising the subject of Resolutions 1 – 3, as detailed in section 1 above. In addition to the Broker Options, the Company has paid GTCap (or its nominees) a management fee of 2% (plus GST) of the gross proceeds of the Capital Raising and a selling fee of 4% (plus GST) of the gross proceeds of the Capital Raising;
- (d) the Broker Options will be issued to GTCap (or its nominees), none of whom is a related party of the Company;
- (e) no funds will be raised from the proposed issue of the Broker Options as they are to be issued as partial consideration for managing the Capital Raising the subject of Resolutions 1 – 3, as detailed in section 1 above; and
- (f) a voting exclusion statement is included in the Notice.

Cautionary Notes

The Directors recognise and acknowledge the importance of Shareholders making their decision on the basis of the best possible information. However, once this material for the Notice of Meeting and Explanatory Statement is prepared and despatched to Shareholders, the Company has no legal obligation to continuously update the content of this material nor is it practical and logistically possible to do that and inform each Shareholder individually.

By its nature, the exploration industry is subject to numerous risks and the Company's Share price is affected by a range of factors. From the time of preparing this material to the date of the General Meeting, the Company's Share price may go up or down. The Company will continue to comply with its continuous disclosure obligations and make appropriate announcements to the ASX.

Shareholders are strongly encouraged to keep track of any announcements that the Company may make and of the Company's Share price up to the date of the General Meeting as that information may have an effect on the calculations and the data that is provided in this Notice and the Explanatory Statement. If you do not understand the effect of such information, you should consult your professional advisor.

GLOSSARY

\$ means Australian dollars.

General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Broker Options means an option to acquire a Share on the terms and conditions set out in Schedule 1 (for the purposes of Resolution 8).

Company or **Carnavale** means Carnavale Resources Limited (ACN 119 450 243).

Constitution means the Company's constitution.

Consultant Options means an option to acquire a Share on the terms and conditions set out in Schedule 2 (for the purposes of Resolution 7).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share on the terms and conditions set out in Schedule 1 and 2 (for the purposes of Resolutions 3, 4, 5, 7 and 8).

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 - TERMS AND CONDITIONS OF OPTIONS – RESOLUTIONS 3, 4, 5 AND 8

The Options entitle the holder to subscribe for Shares on the following terms:

1. Each Option entitles the holder to subscribe for and be allotted one Share.
2. The Options may be exercisable at any time prior to 5:00pm WST on 31 July 2022 (Expiry Date). Options not exercised on or before the Expiry Date will automatically lapse.
3. The exercise price of each Option is \$0.01.
4. The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods.
5. The Options are transferable.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then is-sued Shares. The Company will apply to ASX to have the Shares granted Official Quotation.
7. There will be no participating entitlement inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, Option holders will be notified by the Company in accordance with the requirements of the Listing Rules.
8. There are no rights to a change in exercise price, or in the number of Shares over which the Options can be exercised, in the event of a bonus issue by the Company prior to the exercise of any Options.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.
10. Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.

SCHEDULE 2 - TERMS AND CONDITIONS OF CONSULTANT OPTIONS – RESOLUTION 7

The Consultant Options entitle the holder to subscribe for Shares on the following terms:

1. Each Consultant Option entitles the holder to subscribe for and be allotted one fully paid ordinary share (Share) in the Company upon payment of the exercise price. The exercise price is \$0.012 per Consultant Option.
2. The Consultant Options vest 6 months from the date of issue.
3. The Consultant Options will expire at 5:00 pm (WST) on 30 November 2022 (Expiry Date). Consultant Options not exercised on or before the Expiry Date will automatically lapse.
4. The Consultant Options may be exercised wholly or in part by completing an application form for Shares (Notice of Exercise) delivered to the Company's share registry and received by it any time prior to the Expiry Date.
5. The Consultant Options will not be listed on the ASX.
6. The Consultant Options are not transferable except to an offeror under a takeover offer or under a scheme of arrangement proposed by the Company, or except with the consent of the Directors of the Company in circumstances where the proposed transfer is to an entity wholly owned and controlled by the optionholder.
7. Upon the exercise of a Consultant Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted official quotation on the ASX.
8. There will be no participating entitlement inherent in the Consultant Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Consultant Options. Prior to any new pro rata issue of securities to Shareholders, Consultant Option holders will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
9. There is no right to a change in the exercise price of the Consultant Options or to the number of Shares over which the Consultant Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Consultant Options.
10. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Consultant Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.
11. Shares issued pursuant to the exercise of a Consultant Option will be issued not more than 14 days after the date of the Notice of Exercise.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **3.30pm (WST) on Wednesday 5 May 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the operation of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, either Shareholder may sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)

+61 2 9698 5414 (Overseas)

