

16 March 2022

Dear Shareholder

IMPACT OF COVID-19 RESTRICTIONS ON THE COMPANY'S GENERAL 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 2.30pm (AWST) on 20 April 2022 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

The Company is closely monitoring the impact of the COVID-19 virus across Australia and following guidance from the Federal and State Governments. Having considered the current circumstances, and noting that a large number of the Company's shareholders are located in Western Australia, at this stage the Directors have made the decision that a physical meeting will be held **in Perth**. Accordingly, Shareholders will be able to attend the Meeting in person.

However, in the event of a change in circumstances prior to the date of the Meeting, the Company will announce revised details through the ASX market announcements platform. To assist the Company in ensuring that the Meeting is held in compliance with the COVID-19 restrictions at the time of the Meeting, it will be helpful for Shareholders who wish to attend the Meeting in person to register their attendance by contacting the Company Secretary, Paul Jurman via email at admin@carnavaleresources.com by no later than 2.30pm WST on 18 April 2022 (**Attendance Closing Date**). This will greatly assist the Company to manage any amendments required to the meeting format as a result of any changes to government restrictions which may apply at the time of the Meeting. The Company will endeavour to adopt a format that will best ensure that all Shareholders who wish to attend are able to participate.

In accordance with the Treasury Laws Amendment (2021 Measures No 1) Act 2021, the Company will not be sending hard copies of the Notice of Meeting to shareholders unless a shareholder has previously requested a hard copy. The Notice of Meeting can be viewed and downloaded on the Company's website at www.carnavaleresources.com or from the ASX website at www.asx.com.au.

The Company strongly encourages Shareholders to lodge a directed proxy form online or otherwise in accordance with the instructions set out in the proxy form prior to the Meeting and register their attendance prior to the Meeting if they intend to attend. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the Meeting, for example by preparing answers in advance to Shareholders questions. However, votes and questions may also be submitted during the Meeting.

Each Resolution will be decided by poll, based on proxy votes and by votes from Shareholders in attendance at the Meeting. The outcome of the resolutions, including details of votes received by poll, will be released to the Company's ASX announcements platform following conclusion of the meeting.

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the notice of meeting.

In order to receive electronic communications from the Company in the future, please update your Shareholder details online at **www.automic.com.au** and log in with your unique shareholder identification number and postcode (or country for overseas residents), where you can find your personalised proxy form. Once logged in you can also lodge your proxy vote online by clicking on the "Vote" tab.

If you are unable to access any of the Meeting documents online please contact the Company Secretary, Paul Jurman, on +618 9380 9098 or via email at admin@carnavaleresources.com.

The Australian government and the respective State governments are implementing a wide range of measures to contain or delay the spread of COVID-19. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Company's Notice of Meeting, the Company will notify Shareholders accordingly via the Company's website at www.carnavaleresources.com and the Company's ASX Announcement Platform at asx.com.au (ASX: CAV).

By order of the board



Mr Paul Jurman
Company Secretary



CARNAVALE RESOURCES LIMITED

ACN 119 450 243

NOTICE OF GENERAL MEETING

TIME: 2.30pm (WST)

DATE: 20 April 2022

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 Monday 18 April 2022.

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 2.30pm (WST) on 20 April 2022 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 203,636,360 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 – OPTIONS

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 101,818,180 Options 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 – RATIFICATION OF PRIOR ISSUE – OPTIONS

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 40,000,000 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 18,181,818 Shares at \$0.011 per Share and 9,090,909 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 18,181,818 Shares at \$0.011 per Share and 9,090,909 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.

Voting Exclusions

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

Resolutions 1, 2 and 3: by or on behalf of a person who participated in the issue of the Shares and Options or is a counterparty to the agreement being approved or an associate of that person or those persons; and

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.

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: 16 MARCH 2022
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 2.30pm (WST) on Monday 18 April 2022.

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@carnavalresources.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 2.30pm (WST) on 20 April 2022 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 10 February 2022 (**Announcement**), the Company advised it had received commitments from overseas and Australian, sophisticated and professional investors and existing Directors to subscribe for up to 240 million fully paid shares (**Shares**) at an issue price of \$0.011 per Share to raise \$2,640,000 (before costs) together with up to 120 million free attaching Options (exercisable at \$0.016 on or before 31 July 2023) (**Options**) on the basis of 1 Option for every 2 Shares issued (**Capital Raising**).

The Capital Raising comprises two tranches:

- 203,636,360 Shares and 101,818,180 Options were issued on 16 February 2022 pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1 (in respect of a total of 101,818,180 Options) and 7.1A (in respect of a total of 203,636,360 Shares) (**Tranche 1**); and
- 36,363,636 Shares (and 18,181,818 Options) to be issued to existing Directors, comprising Mr Gajewski (18,181,818 Shares and 9,090,909 Options) and Mr Beckwith (18,181,818 Shares and 9,090,909 Options), subject to Shareholder approval, which is being sought at this Meeting under Resolutions 4 and 5 (**Tranche 2**).

Tranche 1 was issued on 16 February 2022 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 and Options.

The Company is also seeking Shareholder approval under Resolutions 4 and 5 for the issue of Tranche 2, 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 the ratification of the issue of 40,000,000 Options at an issue price of \$0.00001 to Golden Triangle Capital Pty Ltd ('GTCap'), the Lead Manager for the Capital Raising (refer to Resolution 3).

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

2.1 Background

On 16 February 2022, the Company issued 203,636,360 Shares at an issue price of \$0.011 per Share and 101,818,180 Options to raise \$2.240 million. 203,636,360 Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the annual general meeting held on 26 November 2021 (being, the subject of Resolution 1) and 101,818,180 Options were issued pursuant to the Company's capacity under Listing Rule 7.1 (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 203,636,360 Shares and 101,818,180 Options 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 203,636,360 Shares and 101,818,180 Options.

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 203,636,360 Shares and 101,818,180 Options.

2.4 Technical information required by Listing Rule 14.1A

If Resolutions 1 and 2 are passed, the 203,636,360 Shares and 101,818,180 Options 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 203,636,360 Shares and 101,818,180 Options.

If Resolutions 1 and 2 are not passed, the 203,636,360 Shares and 101,818,180 Options 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 203,636,360 Shares and 101,818,180 Options.

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) 203,636,360 Shares and 101,818,180 Options 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 of the Company.

The Company advises that Troca Enterprises Pty Ltd, an entity associated with substantial shareholder, Philip Coulson, subscribed for 22,727,273 Shares and 11,363,637 Options in the Capital Raising.

The Company advises that Golden Triangle Capital Pty Ltd (GTCap), who acted as Lead Manager to the Capital Raising, subscribed for 3,636,364 Shares and 1,818,182 Options in the Capital Raising and a further 40,000,000 Options at an issue price of \$0.00001 (being, the subject of Resolution 3).

Both Troca Enterprises Pty Ltd and GTCap are considered Material Investors to the Company.

- (b) 203,636,360 Shares and 101,818,180 Options were issued on the following basis:
 - (i) 203,636,360 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 1); and
 - (ii) 101,818,180 Options issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 2);
- (c) The 203,636,360 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 and 101,818,180 Options were issued for free (exercisable at \$0.016 on or before 31 July 2023) on the basis of 1 Option for every 2 Shares issued. Further details regarding the Options are set out in Schedule 1;
- (d) the Shares and Options were issued on 16 February 2022;
- (e) the issue price was \$0.011 per Share under the issue of Shares pursuant to Listing Rule 7.1A. The Company agreed to issue one free attaching Option (exercisable at \$0.016 on or before 31 July 2023) on the basis of 1 Option for every 2 Shares issued;
- (f) the purpose of the issue was to raise \$2,240,000, which will primarily be used to fund ongoing and planned exploration programs at the Company's existing projects and provide working capital; and
- (g) a voting exclusion statement is included in the Notice.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – OPTIONS

3.1 General

Resolution 3 seeks Shareholder ratification of the issue of the Options to Golden Triangle Capital Pty Ltd ('GTCap'), the Lead Manager for the Placement pursuant to Listing Rule 7.1. 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 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 Listing Rule 7.4

A summary of Listing Rule 7.4 is set out in section 2.3 above. 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, Resolution 3 is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the 40,000,000 Options.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the 40,000,000 Options will be excluded in calculating the Company's 15% limit in 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 40,000,000 Options.

If Resolution 3 is not passed, the 40,000,000 Options will be included in calculating the Company's 15% limit in Listing Rules 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 40,000,000 Options.

3.5 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 3:

- (a) 40,000,000 Options were issued to GTCap who is not a related party of the Company.

The Company advises that Golden Triangle Capital Pty Ltd (GTCap), who acted as Lead Manager to the Capital Raising, also subscribed for 3,636,364 Shares and 1,818,182 Options in the Capital Raising (being, the subject of Resolutions 1 and 2).

GTCap is considered a Material Investor to the Company.

- (b) 40,000,000 Options were issued pursuant to Listing Rule 7.1;
- (c) 40,000,000 Options were subscribed for at \$0.00001 and are exercisable at \$0.016 on or before 31 July 2023. Further details regarding the Options are set out in Schedule 1;
- (d) the Options were issued on 16 February 2022;
- (e) the issue price was \$0.00001 per Option;
- (f) the purpose of the issue was to raise \$400, which will primarily be used to fund ongoing and planned exploration programs at the Company's existing projects and provide working capital; 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 18,181,818 Shares at an issue price of \$0.011 each, together with one free attaching Option for every two Shares subscribed for and issued, to raise up to \$200,000.

Resolution 4 seeks Shareholder approval for the issue of up to 18,181,818 Shares at an issue price of \$0.011 per Share and 9,090,909 Options to Mr Gajewski (or his nominee) arising from participation by Mr Gajewski in Tranche 2 of the Capital Raising.

Resolution 5 seeks Shareholder approval for the issue of up to 18,181,818 Shares at an issue price of \$0.011 per Share and 9,090,909 Options to Mr Beckwith (or his nominee) arising from participation by Mr Beckwith in Tranche 2 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 2 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 2 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 2 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 2 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 \$0.011 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 2 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 18,181,818 Shares and 9,090,909 Options to Mr Gajewski (or his nominee); and
 - (ii) up to 18,181,818 Shares and 9,090,909 Options to Mr Beckwith (or his nominee).

Their subscription will be on the same terms and conditions as other subscribers to Tranche 1 of the Capital Raising, the subject of Resolutions 1 and 2. The Directors' subscription, if approved by Shareholders, will form all of Tranche 2 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 \$0.011 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 Resolution 1 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 2 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 2 of the Capital Raising; and
- (i) A voting exclusion statement is included in the Notice.

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.

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

Constitution means the Company's constitution.

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 (for the purposes of Resolutions 2, 3, 4 and 5).

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 2, 3, 4, AND 5

The terms and conditions of the Options to be issued are set out below:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j) the amount payable upon exercise of each Option will be \$0.016 (Exercise Price).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 July 2023 (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the latter of the following:

(i) Exercise Date; and

(ii) When excluded information in respect to, the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case, not later than 20 Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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 **2.30pm (WST) on Monday, 18 April 2022**, 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 VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

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

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

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 that 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 remuneration 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>.



