



QUARTERLY ACTIVITY REPORT

CARNAVALE RESOURCES

(A.C.N 119 450 243)

ASX Code: **CAV**

Shares: 458.0M
(as of 28 April 2016)

Options: 186.2M
(Nov 2016 @ \$0.03)

60.0M
(Dec 2019 @ \$0.02)

Perf Shares 21.0M

M. Cap \$5.5M (@ \$0.012)

Directors

Ron Gajewski (Chairman)

Andrew Beckwith (MD)

Rhett Brans (NED)

Andrew Chapman (NED)

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

The Company is currently actively assessing various new opportunities in both the resources and non-resources sectors and is exploring the Red Hills Ag-Au-Pb-Zn project located in Nevada, USA.

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For the period ended 31 March, 2016

Carnavale Resources Limited ("CAV" or "the Company") is pleased to report on activities completed during the quarter to 31 March 2016.

- On 3 February 2016, the Company announced the appointment of Cicero Advisory Services Pty Ltd ("Cicero") in the role as corporate advisor and was mandated to raise \$1.6M.
- Completion of Tranche 1 of the capital raising was completed 9 February 2016, with \$909,717 raised before costs.
- Subsequent to the period, Tranche 2 of the capital raising was completed on 8 April, 2016, with \$700,400 raised before costs.
- Advanced overseas lithium project under review with a 3 month exclusive due diligence agreement signed.
- Assessment of other investment opportunities both in the resources and non-resources sectors continues.



PROJECTS

New Opportunities

The Company is currently assessing an advanced lithium project in an overseas mining friendly jurisdiction and has recently signed an exclusive due diligence option agreement covering this project.

The agreement provides Carnavale with the exclusive right to assess the project over the next three months with terms to be finalised, subject to completion of satisfactory due diligence .

The project covers numerous outcropping pegmatites over a large area which includes at least five prospective lithium bearing pegmatites based on past privately held small scale tantalum mining activities. One pegmatite, in particular, has logged zones of spodumene (lithium mineral) in drill core which have not been previously assayed. The remaining priority targets occur in historic tantalum mined areas with zones of lithium bearing minerals present.

The Company is currently organising for experienced consultants, with strong lithium experience, to log, sample and assay the existing drill holes plus map and sample the other known lithium bearing pegmatites commencing mid-May 2016. The Company will provide an update on the due diligence activities in due course.

The Directors wish to caution investors on this opportunity as there is no certainty that the results of this assessment and due diligence will be positive and the transaction terms of any investment are yet to be agreed upon in detail.

Various other opportunities were assessed during the period, including potential investments in both resource and non-resources related sectors. The Company continues to assess new investment opportunities.

Red Hills Project, Nevada

(Joint Venture rights to earn up to 75%)

During the period, the Company completed a review of the existing data and recent drilling results achieved in the previous quarter. Design of future work programmes is currently being reviewed.

No field activities were undertaken on the project during the period.

Little Butte Project, Arizona

The Company withdrew from the Little Butte Project during the period.

CORPORATE

On 3 February 2016, the Company announced the appointment of Cicero Advisory Services Pty Ltd ("Cicero") in the role as corporate advisor and was mandated to raise \$1.6M ("Capital Raising").

The Company completed the Capital Raising via two tranches, with tranche 2 completed in April 2016, following receipt of shareholder approval in late March 2016.

The funds are to be used for exploration activities, assessment of new investment opportunities and working capital. Directors also participated in the Tranche 2 placement following receipt of shareholder approval.



CARNAVALE RESOURCES LIMITED

28 April 2016

In consideration for their services, the Company paid Cicero a fee of 6% (exclusive of goods and services tax) on the amount raised under the Capital Raising and following shareholder approval issued 40,000,0000 unlisted options issued at \$0.00001 each.

The Company had a cash position of \$913,000 as at 31 March 2016 with an additional \$700,400 raised in Tranche 2 subsequent to the period.

During the quarter, the directors agreed to significantly reduce director fees while new opportunities were being assessed.

The Company head office has relocated to Level 2, Suite 9 389 Oxford Street, Mount Hawthorn Western Australia 6016 and the new postal address is PO Box 281 Mount Hawthorn WA 6915.

For further information contact:

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Chairman

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**Appendix 1**

Carnavale Resources Limited (ASX: CAV) provides the following addendum in relation to additional information required by Listing Rule 5.3.3.

Schedule of Mining Tenements, Beneficial Interests and agreements

Held as at the end of the March 2016 Quarter

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

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

Schedule of Mining Tenements, Beneficial Interests and agreements

Disposed of during the March 2016 Quarter

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

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

During the quarter the Company terminated the Little Butte Option Agreement covering the Little Butte Copper Gold project in Arizona USA.