

QUARTERLY ACTIVITY REPORT

For the period ended 30 September, 2016

Carnavale Resources Limited (“CAV” or “the Company”) reports on activities completed during the quarter to 30 September 2016.

Lake Roe Project – Au (100% CAV)

- RC drilling about to commence at the Stag Prospect
- Programme of ~1,500m of RC drilling planned to test anomalous aircore / RAB results which occur at the bottom of selected holes along a 600m long trend
- Targeted results from previous aircore / RAB drilling include:

RORB0402 *8m @ 8.22g/t Au from 79m including
1m @ 57.17g/t Au

RORB0501 *20m @ 0.57g/t Au from 76m

RORB0508 *2m @ 0.15g/t Au from 103m

RORB0536 *8m @ 1.19g/t Au from 69m

MRAC0005 *10m @ 0.14g/t Au from 74m

(*Mineralisation open at end of hole)

Business Development

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

CARNAVALE RESOURCES

(A.C.N 119 450 243)

ASX Code: **CAV**

Shares: 458.9M

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

60.0M
(Dec 2019 @ \$0.02)

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.

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Business Development

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

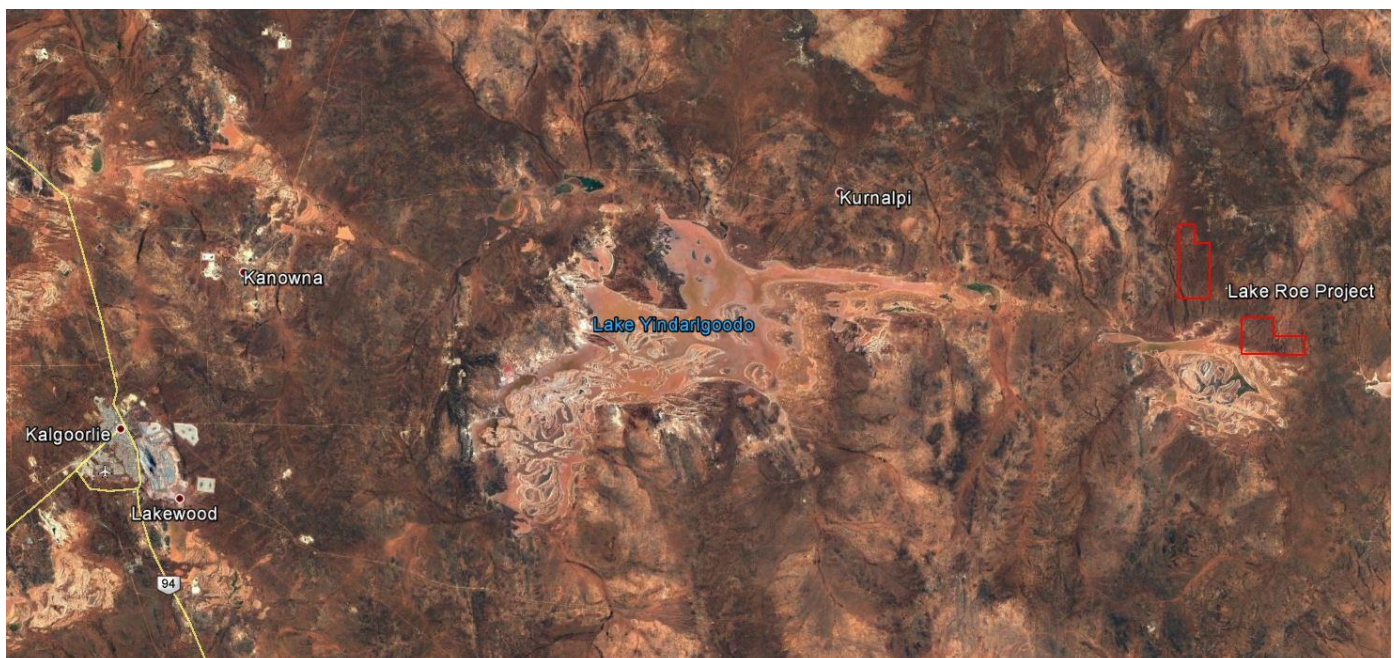
Lake Roe Project - Au (100% CAV)

The Lake Roe Project, comprises of two exploration licenses (E28/2303 and E28/2304) located 120km ENE of Kalgoorlie (Fig 1). The two tenements cover a sequence of deformed Archean greenstone belt within the Southern Laverton Tectonic Zone (SLTZ) and are considered prospective for gold mineralisation.

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

The project area also lies approximately 10km north and east of ASX listed Breaker Resources (Breaker) Lake Roe project where Breaker has defined a large gold-arsenic-tellurium-molybdenum anomaly and recent deeper RC drilling results show potential for an emerging large gold system (Fig 2). The Breaker gold mineralisation is noted to be associated with fractionated dolerites within the Claypan Shear Zone and adjacent to a granite contact. The Stag Prospect, is interpreted to lie on a second order splay structure immediately adjacent to the regional shear zone that hosts the Bombora Prospect and in close proximity to an intrusive granite to the east.

Figure 1 Lake Roe Project location plan





The Stag Prospect

The Stag Prospect, located in the northern portions of E28/2303, is a 600m long zone of anomalous gold occurring in the bottom of hole of previous explorers RAB / aircore drill holes. The anomalous gold occurs associated with sheared sericite-biotite-chlorite altered intermediate volcanoclastic rocks with a variable quartz veining. The bedrock is highly weathered to approximately 100m vertical depth with up to 30m of transported cover.

Importantly, a number of drill holes intersected broader zones of strong bedrock gold mineralisation which remains open at the end of the holes.

STAG PROSPECT - Anomalous gold zones remaining open at the end of the drill holes include:

RORB0402 *8m @ 8.22g/t Au from 79m including 1m @ 57.17g/t Au

RORB0501 *20m @ 0.57g/t Au from 76m

RORB0508 *2m @ 0.15g/t Au from 103m

RORB0536 *8m @ 1.19g/t Au from 69m

MRAC0005 *10m @ 0.14g/t Au from 74m

*Mineralisation open at end of hole)

Stag Drilling Programme

Field inspection of the previous drilling at the Stag Prospect has been undertaken. The inspection and examination of previous drilling data confirms only limited deeper drilling (2 RC and 2 diamond holes) was completed by previous explorers. Re-logging of the drilling and assessment of anomalous geochemistry suggests the mineralisation is essentially untested as it is interpreted to dip towards the west, parallel to three of the previous follow-up RC and diamond drilling. The fourth hole intersected weak anomalous gold and this zone is interpreted to represent a deleted zone within the weathering profile.

The weathering profile indicates transported cover to approximately 30m, followed by leach saprolite and saprock before encountering fresh bedrock. In many instances the RAB / aircore drilling finished in saprock material. The proposed RC drilling aims to test the fresh bedrock material associated with the elevated gold results which generally occur in the saprock / fresh bedrock interface.

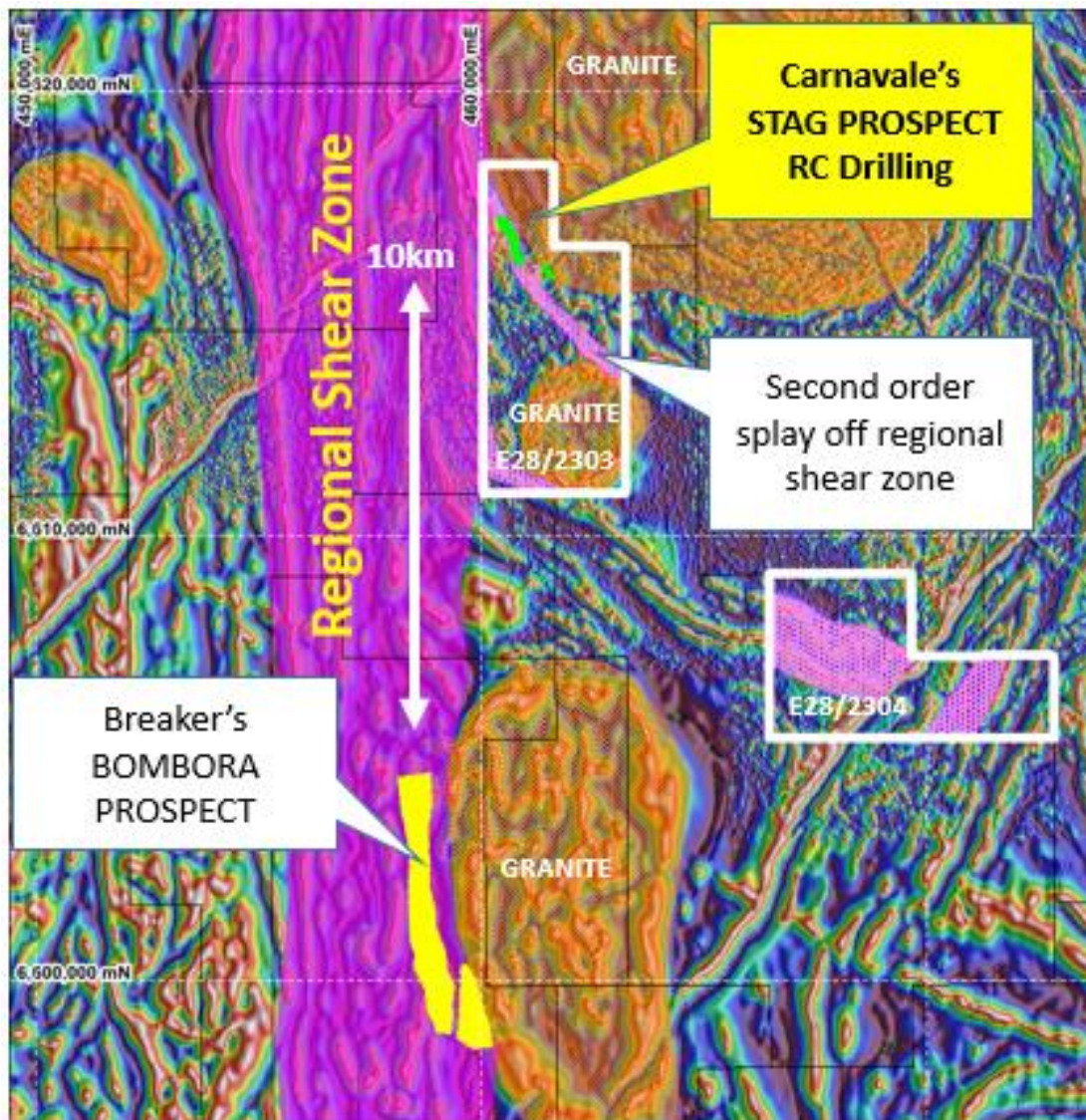
Carnavale previously announced an extensional aircore drilling programme would be undertaken and this has been reviewed and changed in favour of a detailed RC drilling programme to test the orientation and tenor of mineralisation beneath the earlier RAB / aircore drilling. The drilling programme comprises up to a planned 13 holes on seven sections for approximately 1,500m.

Corporate

The Company had a cash position of \$1.25 million as at 30 September 2016.



Figure 2 Stag Prospect location plan



For further information contact:

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Director

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The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Andrew Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Beckwith is a director of Carnavale. Mr Beckwith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 1

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

Schedule of Mining Tenements, Beneficial Interests and agreements

Held as at the end of the September 2016 Quarter

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

Schedule of Mining Tenements, Beneficial Interests and agreements

Acquired during the September 2016 Quarter

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

Schedule of Mining Tenements, Beneficial Interests and agreements

Disposed of during the September 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), held joint venture earn-in rights with Columbus Gold Corporation whereby Tojo had 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 had 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.

During the quarter, Carnavale withdrew from the Joint Venture.