



Carnavale expands Nickel-Cobalt footprint at Grey Dam, WA

Option agreement to acquire up to 80% of adjacent tenement increases nickel-cobalt-copper potential along strike at Grey Dam.

Carnavale Resources (ASX: CAV) is pleased to advise it has secured the right to acquire up to 80% of the adjacent tenement E28/2587 (Figure 1), at the Grey Dam project located near Kalgoorlie in Western Australia.

Under the agreement the Company may explore the tenement area and may elect to earn 80% of the tenement within a period of 3 years.

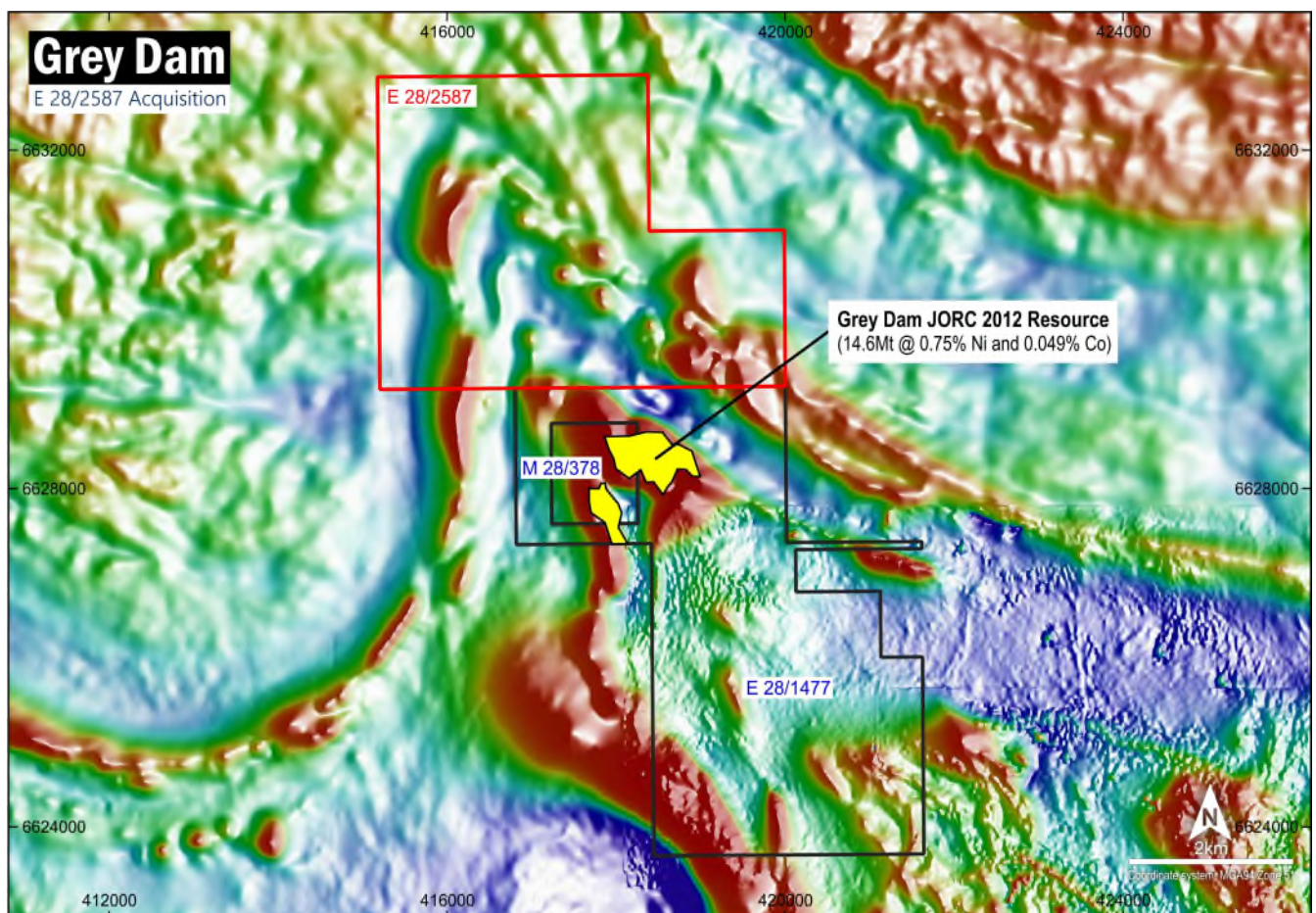
Deeper nickel-cobalt-copper sulphide rich mineralisation to be focus of exploration at Grey Dam.

The expanded Grey Dam project is considered prospective for deeper fresh sulphide rich Ni-Co-Cu mineralisation associated with the prospective ultramafic sequences as well as the demonstrated shallow laterite hosted Ni-Co mineralisation.

Encouraging Ni sulphide rich mineralisation is evident in limited deeper drilling by previous explorers. Shallow historic drilling on E28/2587 also demonstrates oxide nickel mineralisation (11m @ 0.44% Ni and 3m @ 0.5% Ni) and anomalous cobalt and copper, spatially associated with the folded ultramafic sequence as seen on Carnavale's neighbouring tenement area.

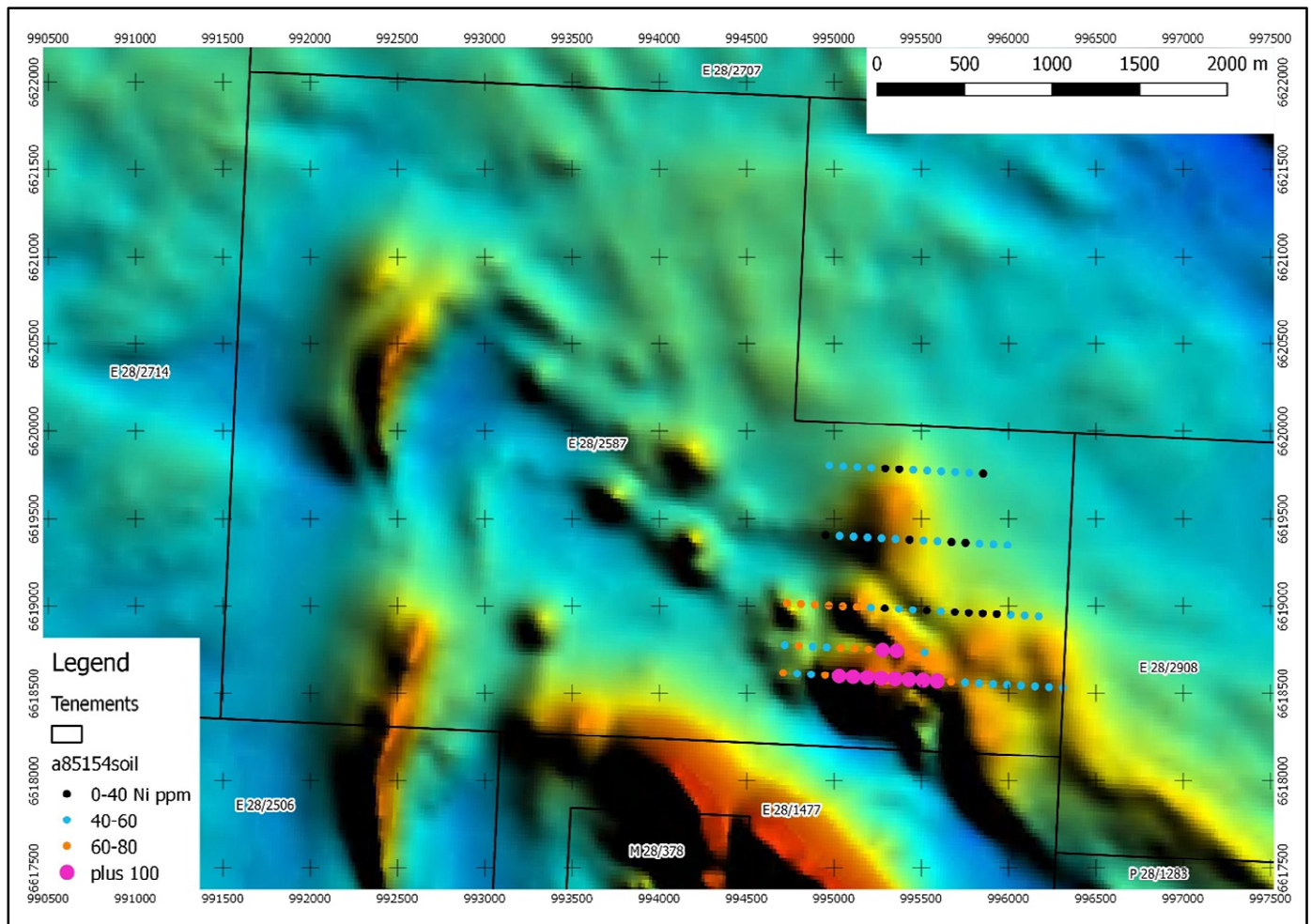
The planned exploration programme going forward consists of detailed independent geological evaluation including a thorough re-interpretation of geology, structure and previous exploration data to determine priority target areas for a detailed ground EM survey with drill testing of EM targets to follow.

Figure 1 Grey Dam Project showing prospective magnetics trends and E28/2587.



Past exploration highlights an area of anomalous nickel in historic soil sampling (Figure 2) spatially associated with the prospective ultramafic sequence (magnetic high in the image). This magnetic sequence occurs for approximately 6km within E28/2587 and correlates with similar magnetic sequences in the Company's adjacent tenements E28/1477 and M28/378 which hosts the remobilised Ni-Co resource over similar magnetic high ultramafic units.

Figure 2 Anomalous nickel results in historic soil sampling, E28/2587 (provided by vendor)



Previous explorers, Gutnick Resources NL, Mt Kersey Mining NL and Condor Nickel Ltd have undertaken limited shallow and generally wide spaced aircore and RAB drilling (Figure 3). Drilling programmes summarised in Table 1 below include drilling completed on the tenement.

Table 1 Drilling summary on E28/2587

Company	Year	Hole type	Number of holes	Total metres drilled
GUTNICK RESOURCES NL	1993	RAB	15	709
MT KERSEY MINING NL	1999	AC	11	355
CONDOR NICKEL LTD	2007	AC	18	599

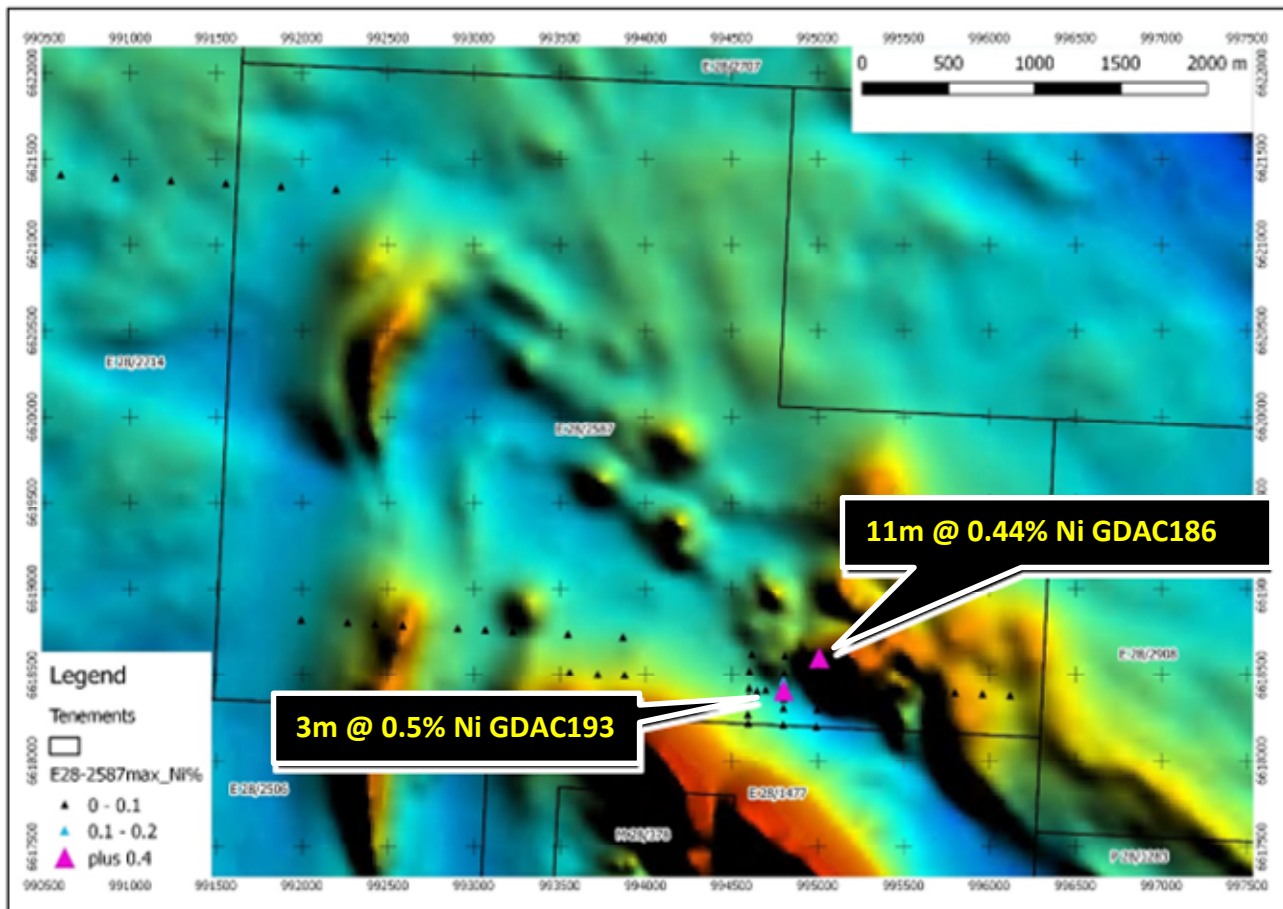
Notable historic drilling results include drill holes GDAC186 with 11m @ 0.44% Ni, with the hole ending in 0.5% nickel, and GDAC193 with 3m @ 0.5% Ni. The nickel results are associated with anomalous copper and cobalt. Only the Condor Nickel drilling programme assayed for Ni, Co and Cu with the other two drilling programmes targeting gold only (refer Table 2).



The potential for deeper fresh nickel sulphide mineralisation has not been tested within E28/2587 and only limited deeper drilling has occurred on Carnavale's adjacent tenements. Importantly and as previously reported, encouraging deeper drill results show potential for nickel sulphide mineralisation within E28/1477 including **33m @ 0.43% Ni and 0.73% Co** from 148m, **3m @ 1.14% Ni and 0.04% Co** from 157m and **3m @ 1.18% Ni and 0.015% Co** from 104m.

The combined tenement package is also considered prospective for orogenic gold mineralisation with large areas considered untested. The geological review will include an assessment of gold potential.

Figure 3 Historic drill hole locations showing significant nickel results (provided by vendor)



ACQUISITION TERMS

Carnavale has secured an option to acquire an 80% interest in E28/2587 from the Vendor on following terms:

- Upon signing of the agreement Carnavale is to pay an Option Fee of \$10,000 (completed).
- Carnavale will have a three (3) year period (Option Period) from signing the agreement during which Carnavale has the sole right to explore the tenement at its sole cost.
- Carnavale has the right to withdraw from the agreement at any time by providing 30 days written notice.
- Carnavale may elect to acquire 80% of the tenement by written notice and the payment of \$80,000 to the vendor within the Option Period.
- On acquisition of 80%, both parties to enter into a formal Joint Venture on a pro rata contributing basis.
- If the Vendor elects not to contribute to the Joint Venture, for each \$100,000 sole funded by CAV, it shall receive an additional 1% interest up to a maximum of an additional 10% interest by sole funding expenditure of \$1,000,000.
- Upon Carnavale earning 90% of project, the vendor will have a 10% free carried interest until decision to mine.

The vendor is not a related party to Carnavale or its Directors.

**Table 2 Historic assay results**

Hole_id	From	To	Sample_id	Co	Cu	Ni
GDAC186	0	1	GA13611	15.58	48.56	158.96
GDAC186	1	2	GA13612	28.36	74.96	232.86
GDAC186	2	3	GA13613	18.75	109.91	147.21
GDAC186	3	4	GA13614	12.07	86.83	190.8
GDAC186	4	5	GA13615	12.47	112.92	260.66
GDAC186	5	6	GA13616	36.02	178.64	926.36
GDAC186	6	7	GA13617	26.55	128.08	1128.46
GDAC186	7	8	GA13618	39.32	160.2	1548.46
GDAC186	8	9	GA13619	58.5	207.11	1479.91
GDAC186	9	10	GA13620	62	133.06	2169.46
GDAC186	10	11	GA13621	86.6	170.27	3774.46
GDAC186	11	12	GA13622	62.76	139.36	3337
GDAC186	12	13	GA13623	76.56	72.16	4338.91
GDAC186	13	14	GA13624	91.9	57.05	4638.46
GDAC186	14	15	GA13625	77.37	29.33	5462.46
GDAC186	15	16	GA13626	95.74	60.2	5849.46
GDAC186	16	17	GA13627	96.68	62.91	5494.46
GDAC186	17	18	GA13628	45.33	40.85	2690.91
GDAC186	18	19	GA13629	82.45	39.85	3073.46
GDAC186	19	20	GA13630	178.6	31.94	2922
GDAC186	20	21	GA13631	452.9	48.21	4127
GDAC186	21	22	GA13632	393.03	64.2	4851.46
GDAC186	22	23	GA13633	413.6	136.6	5008

Hole_id	From	To	Sample_id	Co	Cu	Ni
GDAC193	28	29	GA13859	108.56	35.31	1213.86
GDAC193	29	30	GA13860	255.25	68.17	5938.36
GDAC193	30	31	GA13861	304.97	83.52	5016.56
GDAC193	31	32	GA13862	362.28	31.57	4932.96

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Competent Persons Statement

The information in this report that relates to Exploration Results for the Grey Dam Project (E28/1477 and M28/378) is based on, and fairly represents information and supporting documentation prepared by Mr. Andy Beckwith, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Beckwith is a director of Carnavale Resources Limited. 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.

The Information in this report that relates to Exploration Results for E28/2587 has been completed and compiled by the project owner. Carnavale, its staff, consultants or the Competent Persons take no responsibility for the accuracy of the Information. However, Carnavale considers the information fairly represent the mineralisation associated with the tenement and further expects detailed evaluation of the previous owner's data will allow reporting of the Information to JORC 2012 standards at a future date. Carnavale also highlights that it has not completed any new work on any of the tenement, except for the initial review.

Accordingly, Carnavale cautions investors that the Company has not yet done sufficient work to be able to verify the previous results or owner information in accordance with the updated standards set out in the JORC Code (2012). While nothing has come to the attention of the Company to question the reliability of the results or estimates prepared by the owner, the Company is not to be regarded as reporting, adopting or endorsing those results or estimates.

Carnavale intends to engage an independent consultant to review the entire Grey Dam project including E28/2587 and complete an evaluation of nickel and gold potential. As Carnavale advances the Grey Dam Project it is the Company's intention to carry out further geophysical surveys with a view to drill testing any priority targets. It is planned that these programs will be funded from the Company's existing working capital and the proposed capital raising (Rights issue) previously announced on 30 May 2019. Investors should note that even when these steps are undertaken, there is uncertainty that the Company will be able to report exploration results or estimates of resources or reserves in accordance with the JORC Code (2012).

Forward Looking Statements

Statements regarding Carnavale's plans with respect to the mineral properties, resource reviews, programmes, economic studies and future development are forward-looking statements. There can be no assurance that Carnavale's plans for development of its mineral properties will proceed any time in the future. There can also be no assurance that Carnavale will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Carnavale's mineral properties.

References

*"New Cobalt Acquisition in Western Australia", 19 March 2018.
"High grade Ni-Co defined at Grey Dam", 10 October 2018.
"Grey Dam Ni-Co Mineral Resource Update", 26 February 2019.*