

Drilling to test strong Nickel EM targets at Grey Dam

- Diamond Drilling program planned to commence
- Four priority EM conductors identified
- Diamond drilling targeting Nickel sulphide conductors
- Management boosted to drive Project success
- Ultra-Fine Fraction program results anticipated - CSIRO

Carnavale Resources (ASX: CAV or the Company) is pleased to advise that a program of diamond drilling targeting nickel sulphide mineralisation is planned to test the strongest conductors identified by the recent fixed loop electro-magnetic (FLEM) geophysical survey, at the Grey Dam Nickel Project. Drilling is expected to commence during the September 2020 quarter.

The Grey Dam Nickel Project (Figure 1) is located in the Kurnalpi region, approximately 80km east of Kalgoorlie, Western Australia and comprises tenements that are wholly owned by the Company or subject to option agreements including with Mithril Resources Limited (ASX: MTH).

The recent FLEM geophysical survey defined 4 very strong, high-priority conductors (Targets 1 to 4 up to 5000 siemens conductance) plus a number of lesser conductors (Figure 2). The diamond drilling program has been designed to test the strongest EM conductors.

The program of works (POW) related to this drilling program has been approved by the Department of Mines, Industry Regulation and Safety. A heritage survey has been completed with no significant sites identified allowing drilling to progress.

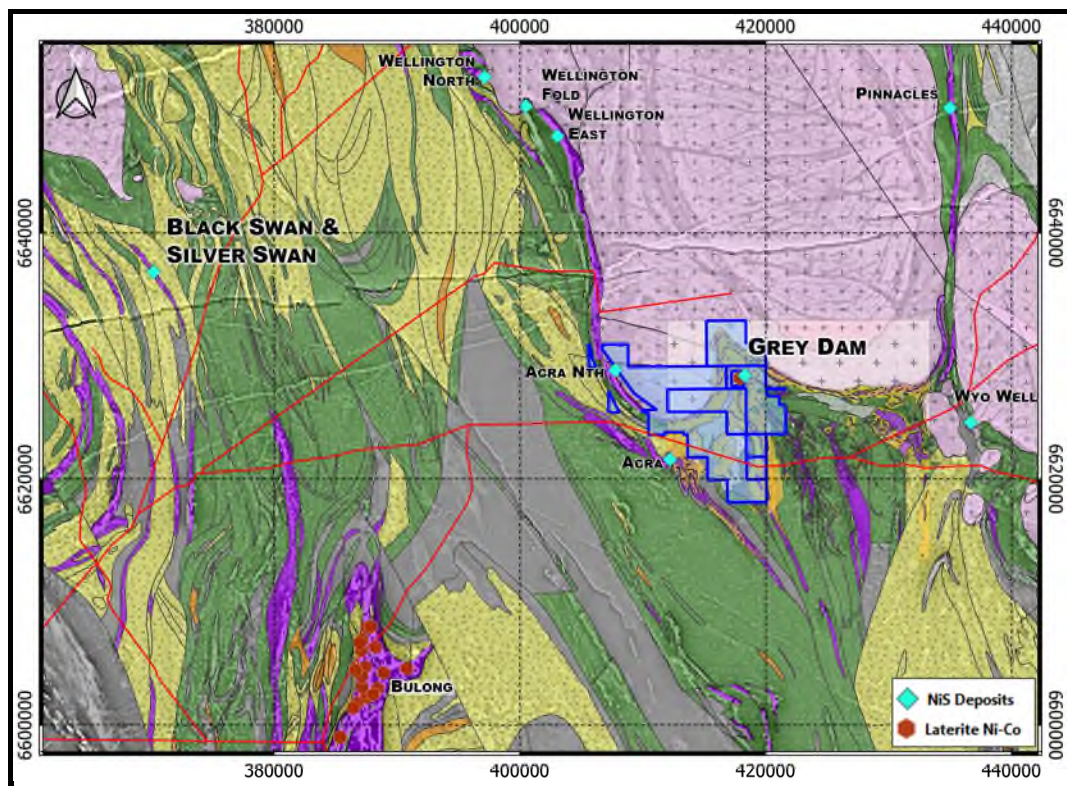


Figure 1 Regional setting for the Grey Dam Nickel Project



This initial diamond drilling program includes up to eight holes for a total of approximately 1,300m. It is anticipated the program will commence in the September 2020 quarter, subject to rig availability and any unforeseen COVID-19 constraints.

Carnavale is focussed on discovering Kambalda style, nickel sulphide mineralisation associated with the ultramafic mafic sequence at the Grey Dam Nickel Project. The project covers two ultramafic/mafic sequences prospective for nickel sulphide (NiS), komatiite hosted mineralisation, similar to the nearby Black Swan and Silver Swan Ni Mines, located 50km to the west (Figure 1).

The Company previously completed exploration activities focussed on testing the two folded prospective ultramafic sequences for nickel-cobalt mineralisation. Drilling in the nose of the fold closure resulted in a shallow laterite nickel-cobalt resource (14.6Mt @ 0.75% Ni and 0.049% Co JORC 2012*). Whilst this exploration was successful, Carnavale believes that high value nickel sulphide can also be discovered at the Project.

Management boosted for success at the Grey Dam Nickel Project

To advance the Grey Dam Nickel Project, Carnavale is pleased to have secured the services of Exploration consultant, Mr Allan Kneeshaw. Mr Kneeshaw has been part of the successful exploration team at De Grey Mining Limited. His work at De Grey has proved very successful in identifying high value targets to advance the Company.

Mr Kneeshaw was commissioned by Carnavale to complete a review of the Grey Dam Nickel Project. The work commenced in October 2019, focussing on the prospectivity for nickel sulphide mineralisation across Carnavale's two nickel projects, Grey Dam and Mt Alexander.

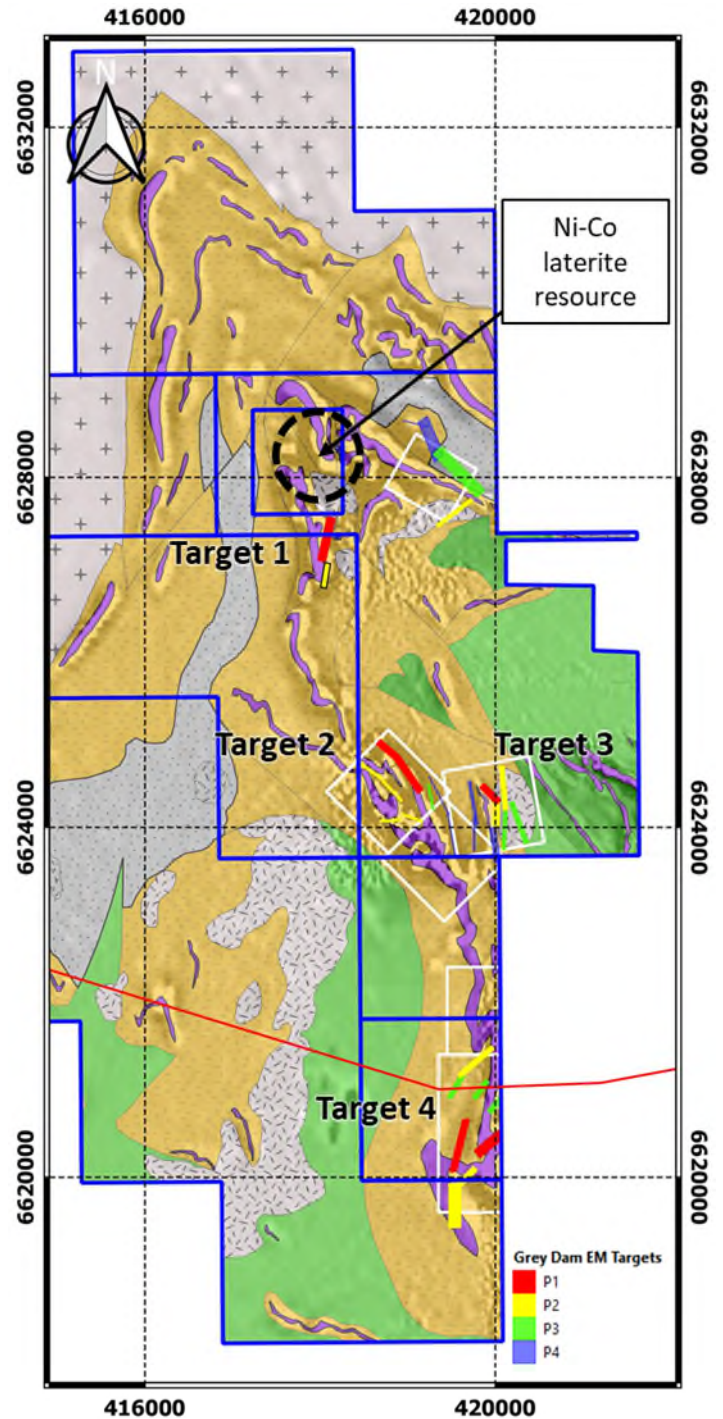


Figure 2 EM targets (red conductors).



The exploration review included all the previous drilling, geochemical sampling and geophysical surveys across both project areas. At Grey Dam, the geochemistry review highlighted significant copper and platinum anomalism associated with the high-grade nickel, indicating potential sulphide targets at depth.

This nickel sulphide potential is supported by limited previous, deeper drilling near the Ni-Co laterite resource area, which demonstrated that the ultramafic sequence, that is widespread across the tenement package, is proven to host fresh bedrock, sulphide rich, nickel mineralisation.

As a result of Mr Kneeshaw's work, the Company commissioned a FLEM geophysical survey to test these areas of coincident copper, nickel and platinum mineralisation. The survey outlined many strong conductors plus additional minor conductors, separate from the Ni-Co laterite resource (Figure 2).

Whilst conducting the FLEM survey an additional area was identified, that highlighted conductivity, adjacent to and outside the planned survey area. The FLEM survey was extended to include this new anomaly. This extension to the survey identified a strong conductor (Target 3) that will be drill tested in the forthcoming diamond drilling campaign.

Subject to positive drilling results additional downhole and surface EM surveys would be planned to test strike extensions of the ultramafic sequence that occur between Target 1 and 2 (Figure 2).

Carnavale is also pleased to announce that it has appointed Mr Humphrey Hale as consultant to assist in managing the exploration activities. Mr Hale's role is to drive success at Carnavale's projects and review possible future opportunities for the Company.

Mr Hale is well known to the Carnavale team having worked alongside both Mr Kneeshaw and Mr Beckwith at AngloGold Ashanti (AGA) whilst managing the substantial drill out for the underground feasibility at Sunrise Dam Gold Mine.

Mr Hale was also Managing Director at Wolf Minerals Limited (Wolf) from its IPO, in early 2007 until January 2014. Under Mr Hale's management, Wolf acquired and developed a substantial tungsten and tin deposit in Europe, taking the project from initial review to construction.

Subsequently, Mr Hale was a Director at ASX listed Infinity Minerals Limited (formerly Plymouth Minerals Limited) and worked as a consultant to several ASX listed and unlisted junior exploration companies including Lione Resources Limited, Chalice Gold Mines Limited and Erinbar Limited.

Additional programs at the Grey Dam Nickel Project

The Company has completed an initial ultrafine fraction soil sampling (UFF) in association with CSIRO along the second prospective ultramafic sequence at the Grey Dam Nickel Project. The results from this program remain pending.

The aim of the initial soil program is to highlight how new soil sampling techniques can map the prospective ultramafic sequence and delineate new nickel sulphide targets concealed beneath transported cover.

New Opportunities

The Company continues to assess new opportunities for high demand metals, such as gold tin copper and nickel to supply the increasing global demand for technology metals. Carnavale continues to seek out and review projects that can add value to shareholders.



This release is approved by the Board of Carnavale Resources Limited

For further information contact:

Ron Gajewski

Chairman

P: +61 8 9380 9098

Andrew Beckwith

Director

Competent Persons Statement

The information in this report that relates to Exploration Results for the Grey Dam Project is based on, and fairly represents information and supporting documentation prepared or reviewed 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.

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 - Carnavale ASX Releases

Resource

**Grey Dam Ni-Co Mineral Resource Update, 26 February 2019.*

Exploration

Carnavale expands Nickel-Cobalt footprint at Grey Dam, 28 June 2019

Carnavale expands Nickle Sulphide potential at Grey Dam, 11 November 2019

Strong EM Conductors defined at Grey Dam, 3 June 2020