



CARNAVALE RESOURCES LIMITED

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CARNAVALE RESOURCES

ASX Code: **CAV**

Shares: 195.1M

Options: 131.8M

Cash: \$1.65M Sept 2014

M.Cap \$2.9M (@ \$0.015)

Directors

Ron Gajewski (Chairman)

Andrew Beckwith (MD)

Klaus Eckhof (NED)

Rhett Brans (NED)

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

Carnavale has entered an option to acquire Tojo Minerals Pty Ltd, which has rights to acquire two highly prospective gold-silver-copper projects in Arizona and Nevada, USA.

Office

Level 1, Suite 5
The Business Centre
55 Salvado Rd.
Subiaco, WA 6008

Post

PO Box 131
Subiaco, WA 6008

Contact Details

Ph +61 8 9380 9098
Fax +61 8 9380 6761
admin@carnavaleresources.com

EXPLORATION UPDATE

Little Butte Gold Project, Arizona

- **Potential to define a significant oxide gold resource from surface**
- **Two high grade gold zones defined by previous drilling within the Railway Prospect**

Eastern Zone

- 22.9m @ 1.44 g/t Au from 19.8m,
- 4.6m @ 33.65 g/t Au from 22.9m
- 22.9m @ 4.06 g/t Au from 6.1m,
- 10.1m @ 2.59 g/t Au from 1.4m
- 10.7m @ 4.65 g/t Au from 39.6m
- 9.1m @ 2.21 g/t Au from 54.9m
- 12.2m @ 2.2g/t from 48.7m
- 24.4m @ 3.4g/t from 24.4m

Western Zone

- 44.2m @ 1.04 g/t Au from 32m,
- 13.7m @ 2.02 g/t Au from 67.1m

- **Additional broad zones of supergene (remobilized) mineralisation provide resource upside**
- **Drilling planned to commence in October, subject to approvals**
- **Potential low cost processing options based on historical metallurgical sampling**
- **Untested Cu-Au “sulphide” target associated with deeper “chargeability” anomaly**

Andrew Beckwith, Managing Director

*“We are about to drill our exciting **advanced gold target** at Little Butte in western Arizona. The project has walk up drill targets and potential to define a significant shallow oxide gold resource. Drilling is planned to commence in October, subject to approvals.”*

*“We are planning to test two **high grade gold** zones for extensions. The gold occurs in vertical structures from surface down to at least 110 metres and each zone has a target strike length of approximately 1km each. In addition, there are broad zones of remobilised supergene gold which should provide some **significant resource upside**.”*

“Our immediate strategy is to define sufficient oxide gold resources to support a low capex open pit mining operation.”



Carnavale Resources Ltd (ASX: CAV) is pleased to report on its Little Butte Gold Project, Arizona USA, where the Company is focused on defining sufficient resources to support a low capex open pit mining operation.

Detailed data assessment has generated “walkup drill targets” with near-term potential to define a significant oxide (weathered) gold resource from surface to at least 110 metres depth with additional deeper sulphide potential. Our strategy, is to confirm and extend the previously defined shallow oxide gold mineralisation, then target an oxide resource that can support a low-cost open pit mining operation similar to the nearby Copperstone Gold Deposit, which produced more than 500,000 ounces of gold from oxide open pits (1987-1993) and is currently being developed as a high grade (>10g/t) underground gold mine.

The Little Butte project comprises mineral claims covering an area of approximately 9km². Previous exploration over the project area has highlighted two priority targets at the **Railway Prospect**. The first target is a >900metre long north-south trending IP resistivity anomaly, with a strike length that remains open beyond the limits of the IP survey data to the north and south, coincident with **significant zones of shallow oxide gold mineralisation** defined by RC and diamond drilling completed in 2010/11 and lesser drilling conducted in the 1980's.

The second deeper target is a strong “chargeability high” IP anomaly located semi-coincident and at depth. This anomaly requires further definition however it is considered **prospective for sulphide rich copper-gold mineralisation** below the depth of weathering and maybe the source of the extensive oxide copper mineralisation seen throughout the project area and in lesser supergene zones partially overprinting the shallower weathered gold mineralisation.

RAILWAY PROSPECT

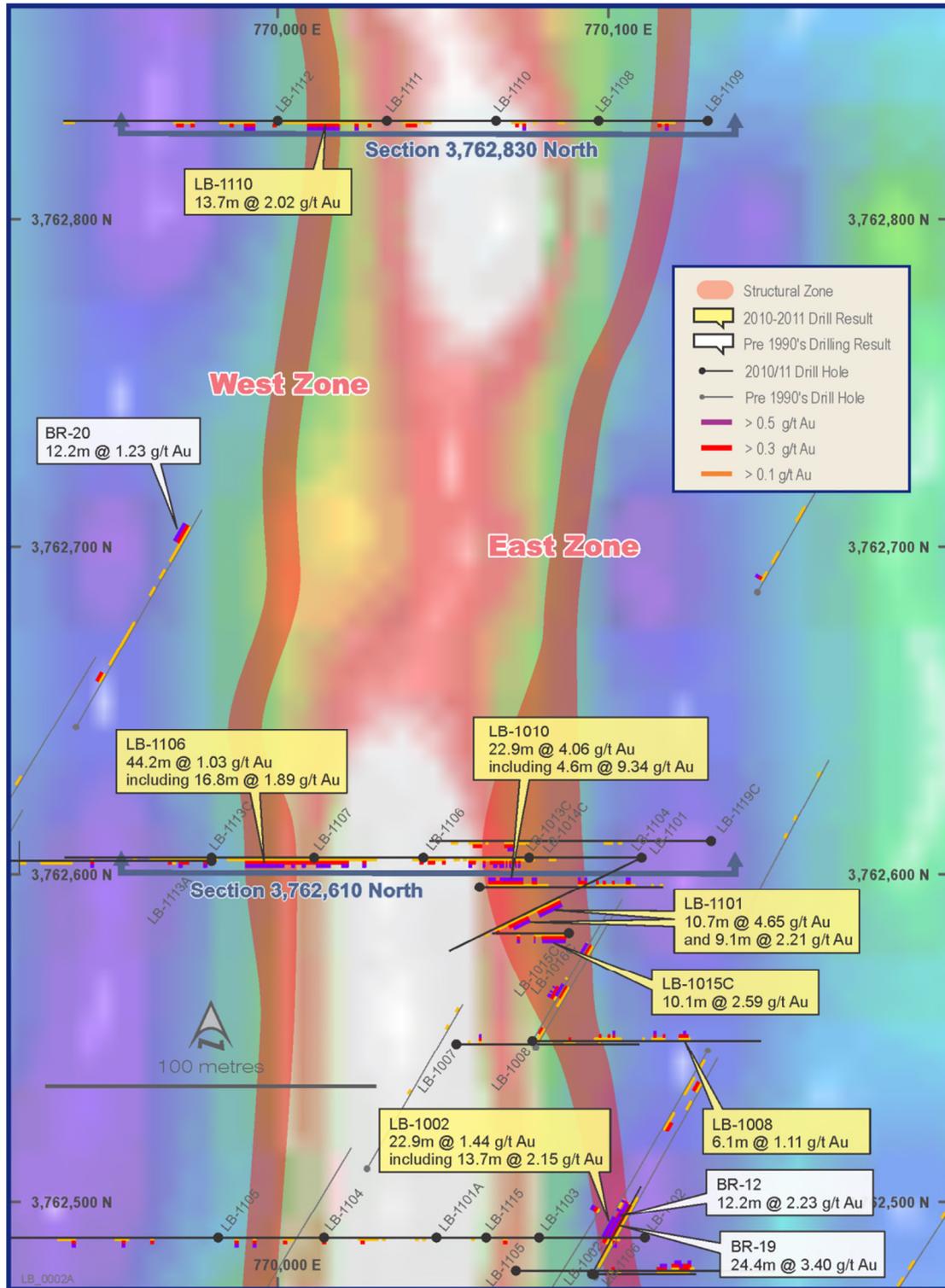
Gold Mineralisation

Two strong trends of high grade primary gold mineralisation (>1.5g/t Au) are hosted in deeply weathered brecciated, sheared and veined siltstones and sandstones interpreted to be controlled by two bounding sub-vertical structures, the Western and Eastern Zones, on either side of the IP “resistivity” anomaly (Fig 1). Additionally, weathering has remobilized some of this gold into lower grade (supergene) zones throughout the highly weathered rocks on the margins of these primary gold zones.

The high grade gold mineralisation is typically associated with massive hematite rich veins with stockworks of thin quartz veining to massive breccias with a hematite rich matrix. The photo below shows visible gold in a hematite (iron) rich vein adjacent iron rich brecciated rocks, in diamond hole LB-1016C.

The coarse gold, as seen in the photo below and in surface samples, together with the highly weathered nature of the host rocks plus **positive bottle roll testwork** (historical) provides encouraging scope for various potentially low cost processing options (eg gravity, heap leach and vat leach) processing methods should sufficient resources be defined.

Fig 1 Railway Prospect Location Plan showing IP “resistivity” and drilling results





(field of view approximately 3cm x 8cm)

Drill Results

The gold mineralisation within the **High Grade Eastern Zone (HGEZ)** is defined in RC and diamond drilling over approximately 200 metres (Fig 1) and to a maximum depth of approximately 110 metres (Fig 2) in a zone sub-parallel to the eastern margin of the major resistivity high. Limited drilling occurs along strike or at depth.

This high grade gold mineralisation has also been identified at surface in a number of shallow trenches where sampling of poorly outcropping host rocks includes visible gold and a maximum rock chip assay result to 52 g/t with additional remobilized copper.

The **High Grade Western Zone (HGWZ)** mineralisation occurs on the western margin of the IP “resistivity” anomaly (Fig 1) and approximately 80 to 100 metres west of the HGEZ.

Strong gold intersections have been defined in RC drilling (2010/11) on sections 230 metres apart (Fig 1, 2 and 3) with anomalous drill results occurring a further 130 metres to the south. This zone is poorly drill tested and remains open

Significant drilling results from the Eastern Zone

LB-1002	22.9m @ 1.44 g/t Au from 19.8m, including 13.7m @ 2.15 g/t Au from 22.9m
LB-1009	4.6m @ 33.65 g/t Au from 22.9m
LB-1010	22.9m @ 4.06 g/t Au from 6.1m, including 4.6m @ 9.34 g/t Au from 6.1m
LB-1015C	10.1m @ 2.59 g/t Au from 1.4m
LB-1101	10.7m @ 4.65 g/t Au from 39.6m and 9.1m @ 2.21 g/t Au from 54.9m
BR12*	12.2m @ 2.2g/t from 48.7m
BR19*	24.4m @ 3.4g/t from 24.4m (<i>previously stated as 42m @ 2.04g/t</i>)
BR36*	3m @ 4.6g/t from 128m



Significant drill results from the Western Zone

LB-1106	44.2m @ 1.04 g/t Au from 32m, including 16.8m @ 1.89 g/t Au from 59.4m
LB-1110	13.7m @ 2.02 g/t Au from 67.1m
BR20*	12.2m @ 1.2g/t from 128m

**As a cautionary note, the BR series drilling was completed prior to JORC compliance and cannot be fully validated by Tojo/Carnavale however are considered to be indicative of the potential oxide gold mineralisation at the Railway Prospect and other areas as supported by the 2010/11 drilling.*

A full list of drilling locations and intercepts from the 2010/11 drilling database are provided in Appendix 1.

Fig 2 Railway Prospect, Section 2610mN showing significant gold results

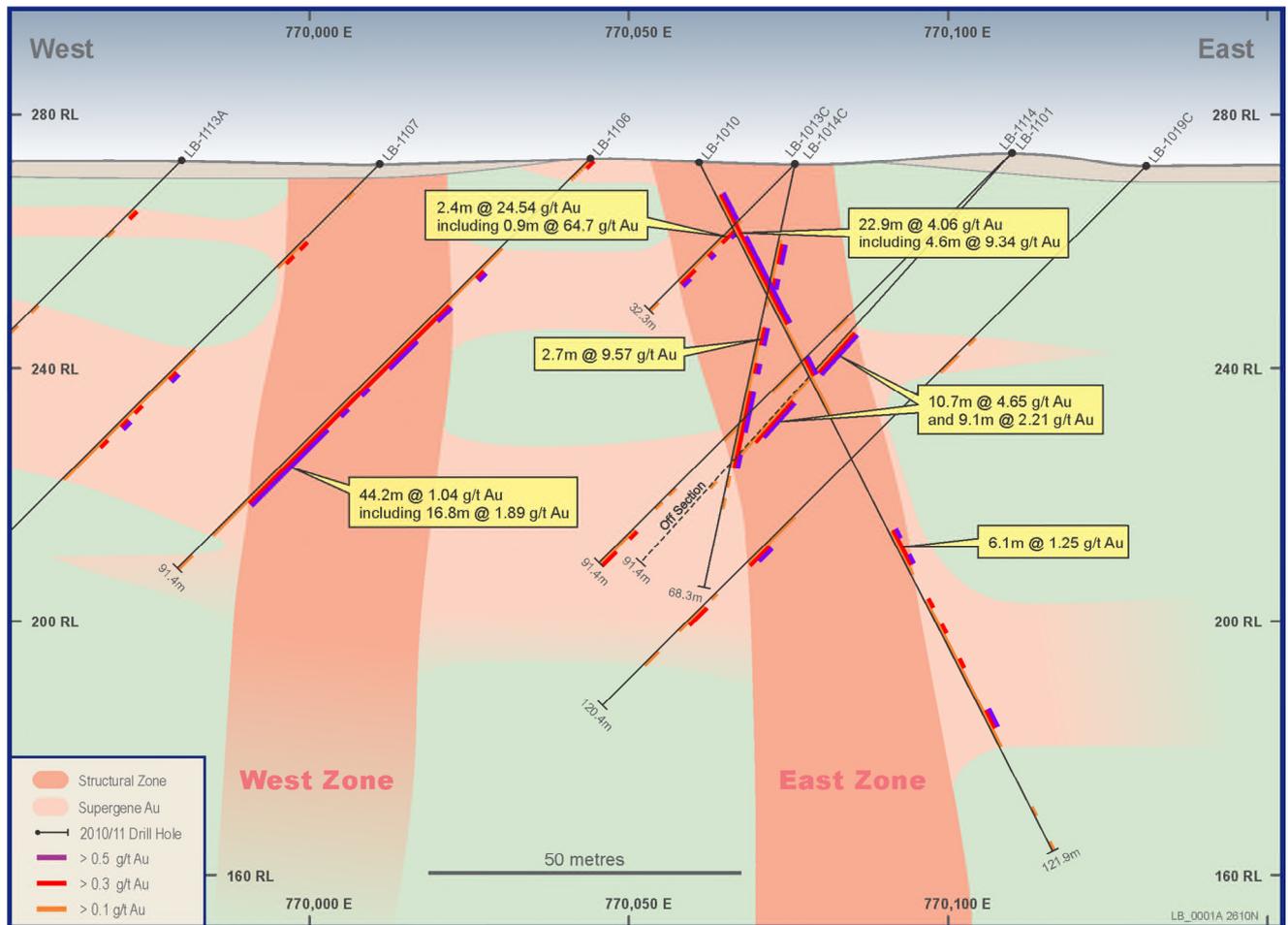
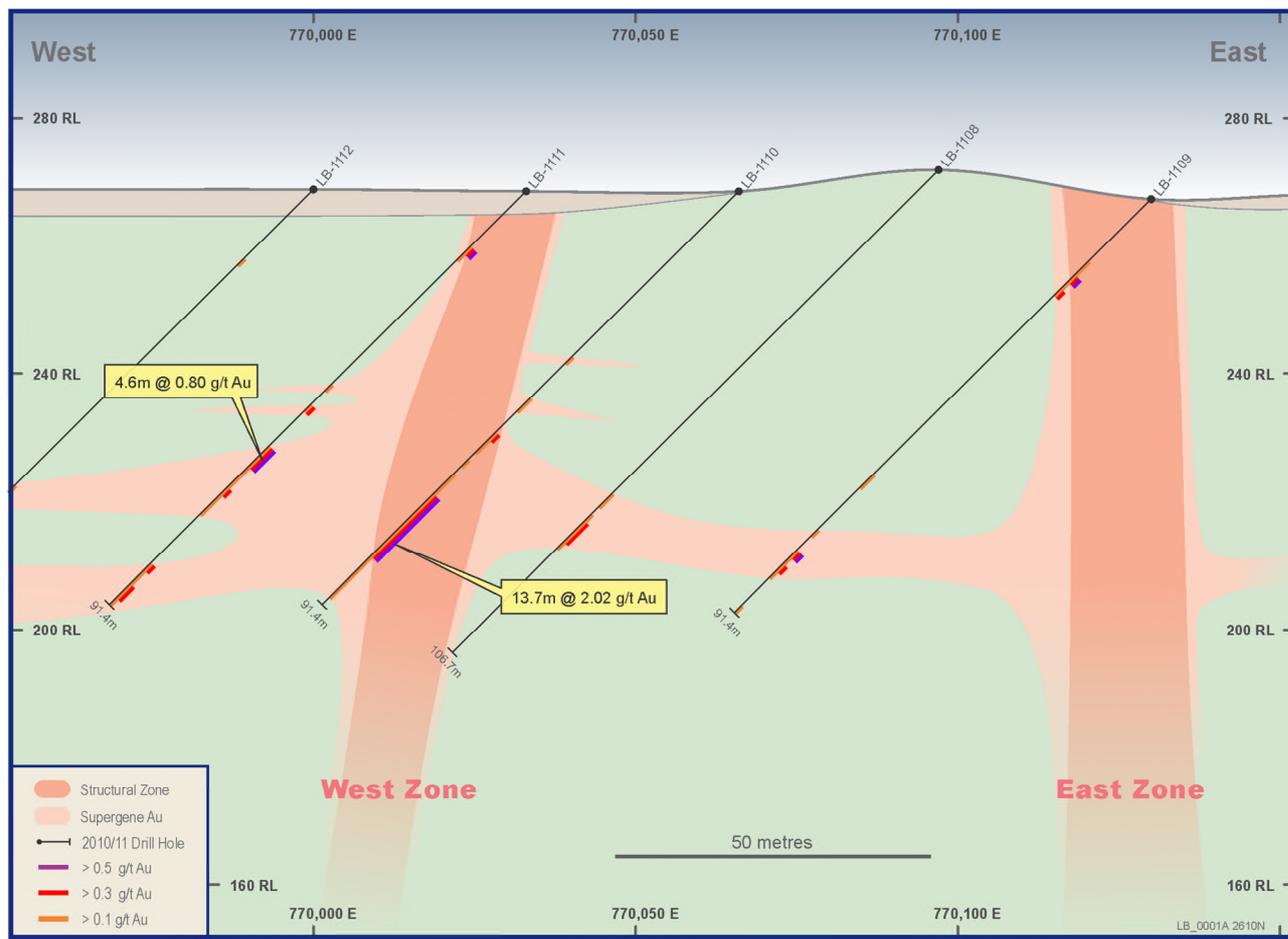


Fig 3 Railway Prospect, Section 2830mN showing significant gold results



Supergene Gold

Overprinting these deeply weathered high grade sub-vertical gold bearing structures are broad zones of supergene mineralisation (gold remobilised by weathering). Importantly, these large zones of generally lower grade remobilised “supergene” gold (0.1 - 1.0g/t) may represent additional low grade tonnage potential. Notably, many large heap leach operations in Nevada and Arizona are mining gold grades as low as 0.2-0.3g/t. Therefore, these low grade gold intercepts may provide substantial additional resource tonnes and ounces depending on recoveries and processing costs.

Drilling Programme

Carnavale is currently planning to complete a programme of selected infill and extension RC drilling, to further test continuity of both the high grade and supergene zones over approximately 400 metres strike length at the Railway Prospect during October, subject to regulatory approvals.



Other Targets

Coincident to the north south trending “resistivity” anomaly at Railway Prospect, are a number of “chargeability highs” defined in the IP geophysical survey. These “chargeability highs” are interpreted to represent potential NNE plunging sulphide rich targets in the fresh rock below the weathered zone.

These proposed “sulphide targets” are considered the possible source for the extensive remobilised supergene copper mineralisation seen in old prospector workings within the project area and the partially overprinting copper at the Railway Prospect. Further geophysical surveys are currently being assessed to better define these targets prior to planning additional deeper drilling to test this potential.

For further information contact:

Andrew Beckwith
Managing Director

Carnavale Resources Ltd
P: 08 9380 9098

Peter Taylor

Investor Relations

NWR Communications

P: +61 (0)412 036 231

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 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.

Background Information

Carnavale Resources (ASX:CAV)

Carnavale Resources Limited is an exploration and development company based in Perth Western Australia, with a focus on the discovery and development of gold and base metal deposits. Carnavale is listed on the Australian Securities Exchange (ASX), ticker symbol [CAV] and on the German Stock Exchange in Frankfurt under YBB.

Carnavale has entered an option agreement with Tojo Minerals Pty Ltd (Tojo), which has the rights to two highly prospective gold and base metal projects located in Arizona and Nevada of the USA. Carnavale has the right to elect to acquire Tojo 100% and is required to fund a minimum of US\$500,000 assessing the projects during the option period to Feb 2015.

Little Butte, Arizona USA – Gold and Copper Project

(Tojo - option to earn 100%, subject to third party NSR)

The Little Butte Project is considered highly prospective for structurally controlled gold mineralisation associated with regional shear zones and potentially copper-gold-molybdenum porphyry related deposits and is located in the Plomosa Mining district of western Arizona, which is considered a mining friendly state of the USA.

Carnavale is initially testing for shallow, open pittable, oxide gold mineralisation hosted along an interpreted regional north south shear zone in Tertiary aged sediments (siltstone, sandstones and conglomerates) similar to the Copperstone Gold Deposit. Copperstone is located approximately 25km to the south west, where historical (1986-93) heap leach and CIP production totals 514,000 ounces of gold at an average grade of 2.4g/t, with additional deeper high grade (>10g/t) underground resources currently being assessed for development.

At Little Butte and within a radius of three(3) kilometres, numerous other historical small scale copper and gold mines operated during the reported periods from 1910-11, 1929-31 to 1940-42 for a total recorded production of 5,000oz Au, 350,000 pounds Cu and 7,000oz Ag.

The largest reported deposit is the Little Butte Copper Mine, with reported grades of 4-6% copper and 7-10g/t gold, and last operated in 1942. Other historical gold mines, mostly located to the south west, with recorded production at an average grade of 38.7g/t gold. Importantly, the mineralisation associated with these deposits is hosted in similar north-south to north-west trending shear zones as targeted by Carnavale.

Regionally, additional potential includes large tonnage low grade Cu-Au-Mo porphyry deposits. The Morenci Cu, Bagdad Cu-Mo, Sierrita Cu, Miami Cu and Safford Cu mines are examples of large scale copper porphyry mines all located and operating in Arizona by Freeport-McMoRan. Reports by previous operators at Little Butte highlight metal zonation, intrusive rocks and alteration suggesting the potential for porphyry related mineralised systems, however further work is necessary to confirm this style of mineralisation at Little Butte.



Appendix 1 Historical Drill Information

Little Butte – 2010/11 Drill Hole Locations

Hole	Type	Easting	Northing	RL (m)	Azimuth	Dip	Depth(m)
LB-1001	RC	770077	3762549	274.93	30.00	-70.00	134.1
LB-1002	RC	770095	3762478	275.84	29.00	-60.00	61.0
LB-1003	RC	770510	3762543	272.80	270.00	-80.00	121.9
LB-1004	RC	770500	3762664	272.80	270.00	-70.00	121.9
LB-1005	RC	770072	3762479	274.93	90.00	-50.00	121.9
LB-1006	RC	770095	3762478	275.84	90.00	-50.00	48.8
LB-1007	RC	770054	3762548	271.88	90.00	-63.00	121.9
LB-1008	RC	770077	3762549	274.93	90.00	-63.00	152.1
LB-1009	RC	770103	3762416	276.45	90.00	-70.00	121.9
LB-1010	RC	770061	3762596	272.49	90.00	-63.00	121.9
LB-1011	RC	769769	3762703	269.75	90.00	-50.00	18.3
LB-1012	RC	769738	3762702	269.75	90.00	-50.00	21.3
LB-1012A	RC	769735	3762705	269.75	45.00	-50.00	45.7
LB-1013C	CORE	770076	3762605	272.19	270.00	-45.00	32.3
LB-1014C	CORE	770076	3762605	272.19	270.00	-78.00	68.3
LB-1015C	CORE	770088	3762582	272.80	270.00	-45.00	32.6
LB-1016C	CORE	770088	3762582	272.80	270.00	-78.00	50.3
LB-1017C	CORE	770103	3762416	276.45	90.00	-70.00	28.7
LB-1018C	CORE	770103	3762416	276.45	90.00	-80.00	29.3
LB-1019C	CORE	770131	3762610	271.88	270.00	-45.00	120.4
LB-1101	RC	770110	3762605	274.02	244.00	-45.00	91.4
LB-1101A	RC	770048	3762489	273.71	270.00	-45.00	91.4
LB-1102	RC	770111	3762489	275.54	270.00	-45.00	97.5
LB-1103	RC	770079	3762489	274.93	270.00	-45.00	121.9
LB-1104	RC	770014	3762489	272.49	270.00	-45.00	91.4
LB-1105	RC	769982	3762489	273.10	270.00	-45.00	91.4
LB-1106	RC	770044	3762605	273.10	270.00	-45.00	91.4
LB-1107	RC	770011	3762605	272.19	270.00	-45.00	91.4
LB-1108	RC	770097	3762830	271.88	270.00	-45.00	106.7
LB-1109	RC	770130	3762830	267.31	270.00	-45.00	91.4



Hole	Type	Easting	Northing	RL (m)	Azimuth	Dip	Depth(m)
LB-1110	RC	770066	3762830	268.53	270.00	-45.00	91.4
LB-1111	RC	770033	3762830	268.53	270.00	-45.00	91.4
LB-1112	RC	770000	3762830	268.83	270.00	-45.00	91.4
LB-1113	RC	769980	3762605	272.80	270.00	-45.00	54.9
LB-1113A	RC	769980	3762604	272.80	270.00	-45.00	91.4
LB-1114	RC	770110	3762605	274.02	270.00	-45.00	91.4
LB-1115	RC	770063	3762489	273.71	0.00	-90.00	166.1

Hole Coordinates UTM NAD27 Zone 11

Location data recorded by hand held GPS to accuracy of +/-3m

Original hole depths and sample depths recorded in feet and calculated to metres



Little Butte – Significant Drill Intercepts 2010/11 Drilling

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)
LB-1001	41.1	53.3	12.2	0.75	
including	50.3	51.8	1.5	2.62	
LB-1002	19.8	42.7	22.9	1.44	
including	22.9	36.6	13.7	2.15	
and	47.2	48.8	1.5	1.98	
LB-1005	73.2	82.3	9.1	0.50	
LB-1006	30.5	35.1	4.6	1.05	0.12
LB-1007	15.2	16.8	1.5	0.60	0.19
LB-1008	53.3	54.9	1.5	0.91	
and	80.8	82.3	1.5	4.85	
and	97.5	103.6	6.1	1.11	
including	100.6	102.1	1.5	3.36	
LB-1009	22.9	27.4	4.6	33.65	
LB-1010	6.1	29.0	22.9	4.06	0.30
including	6.1	10.7	4.6	9.34	0.10
and	35.1	38.1	3.0	1.46	0.14
and	65.5	71.6	6.1	1.25	
including	65.5	67.1	1.5	3.25	
LB-1009	97.5	100.6	3.0	1.48	
LB-1013C	14.3	16.8	2.4	24.54	0.28
including	14.3	15.2	0.9	64.70	
and	18.9	19.8	0.9	0.69	0.12
LB-1014C	12.8	15.9	3.0	2.73	
and	18.3	19.8	1.5	0.51	
and	26.2	29.0	2.7	9.57	0.19
and	32.0	33.5	1.5	0.57	
and	36.6	48.8	12.2	0.72	0.14
LB-1015C	1.4	11.4	10.1	2.59	0.21
and	21.0	22.3	1.2	0.83	
LB-1016C	4.0	8.2	4.3	0.80	0.31
and	24.4	25.9	1.5	0.58	
and	30.5	39.6	9.1	1.00	



Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)
and	48.8	50.3	1.5	1.53	
LB-1017C	18.3	19.8	1.5	0.51	0.73
LB-1018C	18.0	21.0	3.0	1.89	0.53
and	27.1	29.0	1.8	1.01	
LB-1019C	84.1	88.4	4.3	0.51	
LB-1101	39.6	50.3	10.7	4.65	
and	54.9	64.0	9.1	2.21	0.10
including	54.9	62.5	7.6	2.59	0.10
LB-1101	68.6	70.1	1.5	0.34	
LB-1102	12.2	13.7	1.5	1.44	
LB-1104	29.0	30.5	1.5	1.05	
and	36.6	38.1	1.5	0.51	
LB-1105	39.6	41.1	1.5	0.54	
and	61.0	62.5	1.5	0.54	
LB-1105	24.4	25.9	1.5	0.60	0.21
and	32.0	76.2	44.2	1.04	
including	59.4	76.2	16.8	1.89	
LB-1107	45.7	47.2	1.5	0.78	0.22
and	56.4	57.9	1.5	0.79	0.22
LB-1109	16.8	18.3	1.5	0.74	
and	77.7	79.2	1.5	1.10	
LB-1110	67.1	80.8	13.7	2.02	
LB-1111	12.2	13.7	1.5	0.69	
and	56.4	61.0	4.6	0.83	
LB-1113	50.3	51.8	1.5	0.54	
LB-1114	88.4	91.4	3.0	0.67	

Reported Intercept based on overall gold grade >0.5 g/t (calculated on lower Au cutoff = 0.3 g/t, maximum internal waste of 4m)

Higher grade internal intervals based on overall gold grade >1.5 g/t (calculated on lower Au cutoff = 0.5 g/t, maximum internal waste of 2m)

Little Butte – Historical Pre 1990 Drill Hole Locations

Hole	Type	Easting	Northing	RL (m)	Azimuth	Dip	Depth(m)
BR-7	RC	770488	3762532	274.32	30.00	-70.00	152.4
BR-11	RC	770145	3762686	271.27	30.00	-70.00	121.9
BR-12	RC	770078	3762547	274.93	30.00	-70.00	152.4
BR-16	RC	770479	3762464	278.28	30.00	-60.00	152.4
BR-19	RC	770096	3762477	275.23	29.00	-60.00	152.4
BR-20	RC	769939	3762645	272.19	30.00	-60.00	152.4
BR-21	RC	769670	3762409	274.62	30.00	-60.00	152.4
BR-34	RC	769983	3762451	271.27	31.00	-60.00	152.4
BR-35	RC	770128	3762409	274.93	31.00	-60.00	152.4
BR-36	RC	770063	3762442	274.62	32.00	-60.00	137.2
BR-38	RC	769790	3762706	270.05	29.00	-60.00	176.8
BR-39	RC	769880	3762542	274.32	29.00	-60.00	176.8
BR-40	RC	769901	3762593	272.80	31.00	-60.00	170.7
BR-48	RC	770381	3762498	274.02	30.00	-60.00	146.3

Little Butte – Significant Drill Intercepts Pre 1990 Drilling

**As a cautionary note, the BR series drilling was completed prior to JORC compliance and cannot be fully validated by Tojo/Carnavale however are considered to be indicative of the potential oxide gold mineralisation at the Railway Prospect and other areas as supported by the 2010/11 drilling.*

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Prospect
BR-7	30.5	36.6	6.1	0.65		Other
and	61.0	73.2	12.2	3.07	0.15	Other
BR-11	10.7	13.7	3.0	0.69		Railway
BR-12	48.8	61.0	12.2	2.23		Railway
and	93.0	103.6	10.7	0.81		Railway
BR-16	91.4	109.7	18.3	1.40		Other
including	91.4	103.6	12.2	1.95		Other
BR-19	24.4	48.8	24.4	3.40		Railway
BR-20	128.0	140.2	12.2	1.23		Railway
BR-21	73.2	79.2	6.1	4.56		Other
BR-34	27.4	33.5	6.1	1.03		Railway
BR-35	39.6	42.7	3.0	0.65		Railway



Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Prospect
and	61.0	64.0	3.0	0.55		Railway
and	94.5	100.6	6.1	0.69		Railway
and	106.7	109.7	3.0	0.82		Railway
BR-36	128.0	131.1	3.0	4.59		Railway
BR-38	30.5	48.8	18.3	0.59	0.13	Other
BR-39	158.5	164.6	6.1	0.62		Railway
BR-40	67.1	73.2	6.1	0.55		Railway
BR-48	61.0	67.1	6.1	1.06	0.21	Other

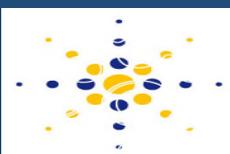
Reported Intercept based on overall gold grade >0.5 g/t (calculated on lower Au cutoff = 0.3g/t, maximum internal waste of 4m)

Higher grade internal intervals based on overall gold grade >1.5 g/t (calculated on lower Au cutoff = 0.5g/t, maximum internal waste of 2m)

Table JORC Code, 2012 Edition –
Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • Historical exploration sample results reported include drilling results completed by previous parties that operated on the project. The pre 1990 reported drilling results are summarized in historical reports and pre date JORC standards. The 2010/11 original drilling data has been acquired, assessed and validated. Results are considered JORC 2012 compliant. • The 2010/11 drilling comprises RC (reverse circulation) and diamond core at the prospect area on generally east west drill fences over the target north south shear zones. The drilling is considered to have only partially tested the overall target shear zones. The reported results are considered representative of the shear zone mineralisation as known to date. The pre 1990 drilling data is considered representative of the mineralisation potential and is supported by the more recent 2010/11 drilling. • The drill core has been inspected and is of general good condition. Sampling was originally on half core cut basis with sample intervals on a variable length basis and is of a good standard. RC drilling pulps and logging chip trays have been retained. The holes have been previously logged • Assays have been completed at an industry acceptable commercial laboratory using a 30gram Au Fire Assay with AA finish and multi-element with a four acid digest and ICP-AEs finish. Duplicates and standards remains to be assessed.
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • Recent (2010/2011) drilling comprises 30 holes for 2,977 metres of RC (reverse circulation) and 7 holes for 361 metres of diamond core completed in 2010/11 by a third party. This drilling partially tests the target shear zones. Additional pre-1990 drilling partially tests the target shear zone and additional holes occur elsewhere on the property. Assessment of the results indicates the 2010/11 drilling supports the results in this early phase of drilling with one hole successfully twinned. The reported mineralisation is considered representative of the mineralisation within the targeted shear zones.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Diamond drilling core sample recoveries have been documented. Generally the logging shows acceptable recoveries over 90% except in limited zones where recovery is considered moderate to low. In these instances the loss relates to highly weathered material and associated drilling difficulties. • RC drilling recoveries are unknown at this stage. • Grade verses sampling bias is not known at this stage, however it is noted visible gold is evident in



Criteria	JORC Code explanation	Commentary
		the core, potentially indicating nuggetty gold issues may occur in the sampling.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Previous geological logging has been completed on all holes. No geotechnical logging has been sighted. The drilling indicates the entire drill holes are in highly weathered bedrock.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Diamond core has been logged and then sampled on half core cut basis, and is considered of a good standard. RC drilling is stated as drilled wet, riffle split and then sampled wet. Duplicate and standard assays for quality control measures have been completed on the 2010/11 to satisfactory standard. Mineralised zones have been re-analysed on a selective basis
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Assay techniques are appropriate for the style of mineralisation targeted. Reputable independent industry laboratory utilized for all previous analysis Quality control measures are considered satisfactory and unbiased. External lab umpire samples are currently underway as an additional check.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Review of the diamond core, RC chips and pulp storage areas and drilling sites in the field has been completed. Core and drilling pulps are in good condition and are well stored. Drill results from the 2010/11 programme have twinned a hole from the pre 1990 programme with reasonable correlation
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other 	<ul style="list-style-type: none"> Drill holes are located by hand held GPS to an accuracy of +/- 3m. Verification of location remains to be completed in the field.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Pre-1990 drill locations taken from historical reports and validation in the field is not possible to any accuracy
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Currently the drilling and sampling is of insufficient density to determine a resource estimate.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Drilling orientation is considered to be appropriate to test the width of mineralized structure, however additional drilling is required to test the interpreted orientation of mineralisation, continuity along strike and at depth
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Unknown during drilling. Pulps and core at held in a secure storage area in Reno, Nevada
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Review of the core indicates geological logging, alteration and mineral assemblages reflect reported assays on a visual basis. All original data for the 2010/11 drilling has now been reviewed

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Full list of results are reported in Appendix 1. The property is under an option to earn into the project. Tojo has the right to earn 100% of the project over 10 years and \$6M project expenditure and the third party vendor retains a 3% net smelter royalty on production The drill results occur within registered patented and unpatented claims in Arizona, USA The area is managed by the Bureau of Land Management (BLM), a government body. Future drilling and any mining will require approval from the BLM and other regulatory bodies
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Reported drill results are from work completed by a US based third party, drilled in 2010/11. Early pre-1990's drilling is prior to JORC compliance and cannot be fully validated by Tojo/Carnavale however are considered to be indicative of the potential oxide



Criteria	JORC Code explanation	Commentary
		gold mineralisation at the Railway Prospect and other areas as supported by the 2010/11 drilling
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The deposit style is currently unknown, however mineralisation is interpreted to occur associated with two vertical structures defined by geophysical data. The mineralisation is hosted in highly weathered siltstones and coarser sandstones and conglomerates and associated with veining, shearing and breccias.
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> • 	<ul style="list-style-type: none"> • The reported results are presented in Appendix 1. • Majority of the 2010/11 drilling is on east west orientated drill lines with angled drill holes targeting the north south trending structure and perpendicular to the mineralisation strike. • Minor additional pre-1990's holes have not been included as they are not spatial related or considered material to the target.
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • Reported gold intercepts use uncut assay values on length weighted basis. • Cutoff grades and intercepts calculations provided in Appendix 1
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • The reported drill results are down hole lengths. Orientation of mineralisation is currently poorly defined and therefore true widths are not known. The 2010/11 drilling is interpreted to be perpendicular to the strike of mineralisation. • Insufficient drilling undertaken to provide true widths
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • Plans and sections of significant results provided in report.
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and</i> 	<ul style="list-style-type: none"> • The Company considers the mineralisation is likely to occur as a series of plunging higher grade shoots along the interpreted shear zones with an enclosing



Criteria	JORC Code explanation	Commentary
	<i>high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	envelope of lower grade remobilised mineralisation surrounding these shoots in the weathering zone. The summary results provided in this release reflect known mineralisation to date and provides a representative of the style and grade of mineralisation defined to date.
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • Drilling was targeted on structures defined by an existing third party IP geophysical survey.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Proposed new drilling is currently planned to test the along strike and down dip extents of the previously defined mineralisation • Additional detailed metallurgical testwork is required to fully determine likely recoveries for each metal.