Grey Dam Exploration Update

Summary

- Seven holes drilled for 1,701m, with three holes having diamond tails.
- Samples analysed for multi elements including nickel and gold.
- Downhole EM is planned for 4 holes at target 2,4 and 5 to test for offhole conductors that may indicate nickel sulphide mineralisation.
- Local understanding of the structural geology confirmed and improved by the recent drilling program.
- Multi-element analysis from assays are encouraging for the development of nickel sulphides within mafic/ultramafic package.

New Gold target – encouraging gold intersections from the drilling include:

- **8m. @ 0.32g/t Au from 38m** and
- **12m @ 0.55g/t Au from 52m** in DD002A

Exploration going forward

- Downhole EM survey at Target 2, 4 and 5 planned.
- UFF soils in the northwest of the tenement package targeting nickel sulphides.
- Data review of the gold potential at Grey Dam.

Executive Chairman Ron Gajewski commented:

"The recent drilling program has enhanced our knowledge of the mafic/ultramafic package and the prospectivity of the geology for nickel sulphides at Grey Dam with the added benefit of highlighting the potential for shallow gold.

The Company remains committed to exploring for nickel sulphide at Grey Dam as the geology and geochemistry remain encouraging."

Carnavale Resources Limited (ASX:CAV) is pleased to advise that the Company's phase 1 drilling campaign at Grey Dam, targeting nickel sulphide (Figure 1) has been completed and all assays have been received.

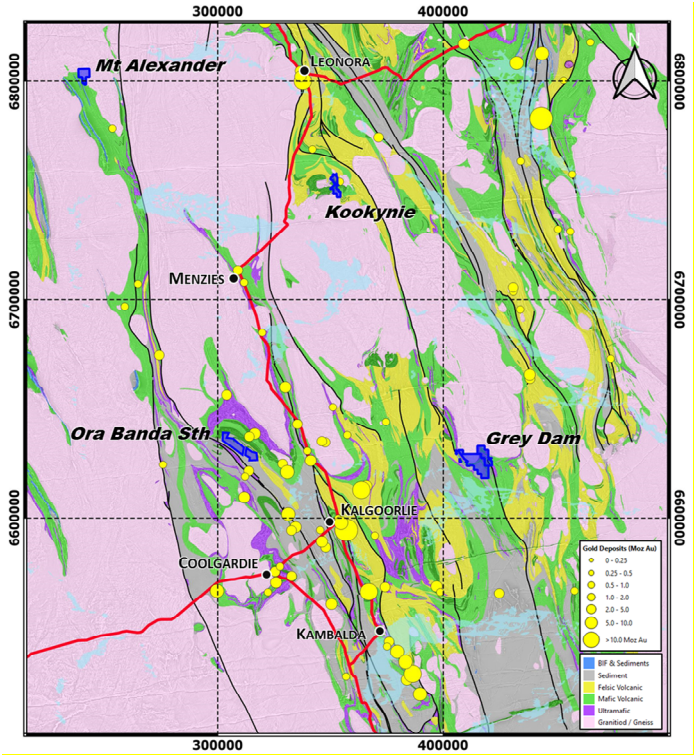

Figure 1, Location of Carnavale's Projects
Simplified Geology and Significant Gold Deposits

Figure 2, Diamond Drilling
at Grey Dam Nickel Project

Grey Dam Exploration update

The phase 1 RC and diamond drilling campaign comprised seven holes for a total of 1,701m. Three of these holes were drilled with diamond core tails allowing deeper targets to be tested (*See ASX release Grey Dam drilling commenced 10 September 2020).* The drilling was targeting Kambalda style nickel sulphides.

Following a data review that outlined coincident nickel copper and platinum anomalies located over prospective mafic ultramafic geology package a moving loop EM survey was conducted that highlighted 5 priority conductors and many other second order targets (Figure 3).

Upon completion of drilling, the RC samples were sent directly to the ALS lab in Kalgoorlie for transport to the ALS facility in Perth after being logged by the geologists. The diamond core was logged, cut, and sampled in Kalgoorlie prior to being dispatched to ALS's facility in Kalgoorlie for transport to Perth for analysis. The samples have been analyzed for a spectrum of multi elements, including nickel, gold, and platinum as required.

EM conductors and Drill targets

The Company identified 5 priority targets to be drill tested (Figure 3). A summary of the drilling at each target is provided below. Target 1 and 3 have identified the EM conductor and require no further work. Target 2, 4 and 5 intersected the mafic and ultramafic package but have not closed off the opportunity for nickel sulphide mineralisation and will be surveyed by a downhole electromagnetic survey (DHEM) to test for the potential for the presence of off hole conductors adjacent to the drillhole.

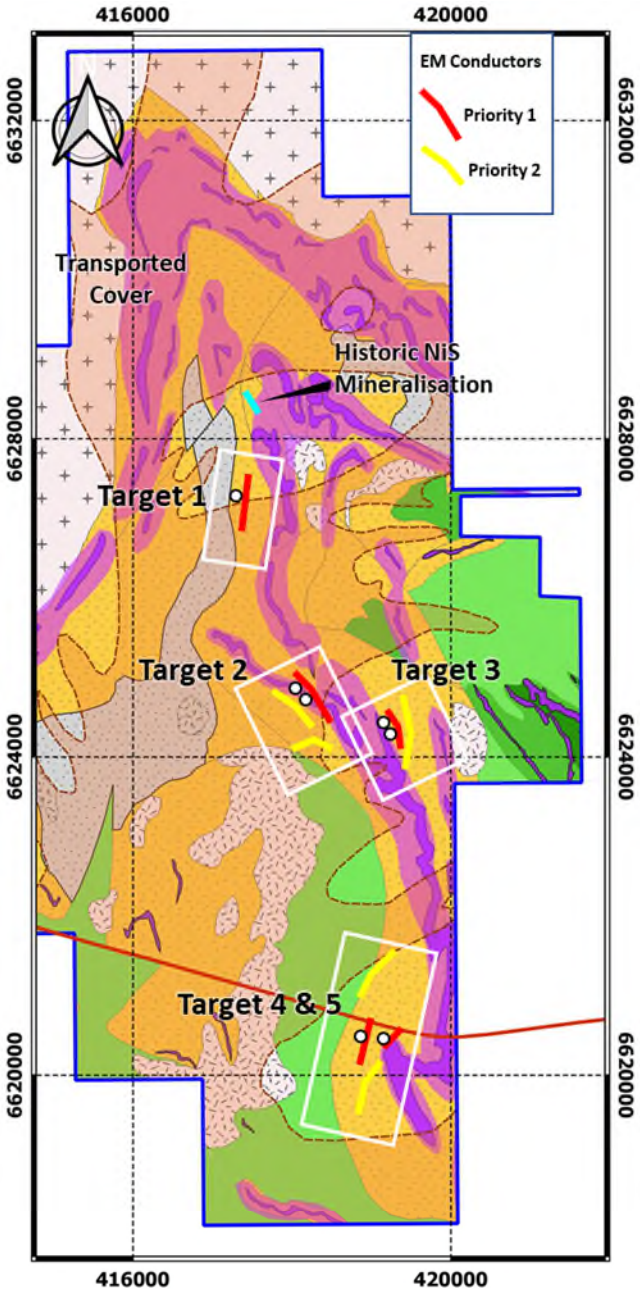

Figure 3, Drilling target areas

Simplified geology with EM priority conductors

Target 1

The drilling has shown that the EM response was developed by a sulphidic black shale unit. The black shale unit is not significantly thick. However, it is folded and with a flat lying geometry that would have coupled well with the EM field giving the observed response in the FLEM survey. No further work is required at this target as no nickel mineralisation was present.

Target 2

Drillhole DDH002A lifted due to ground conditions and is interpreted to have just drilled over the top of the modelled conductor. The targeted ultramafic unit was not intersected by the hole and may be fault truncated. A strong gold anomaly has been intersected in this hole.

Drillhole DDH002B intersected two units of ultramafic. The drillhole intersected the upper margin of the modelled EM plate, but the lower unit of ultramafic may have fault truncated off by a subparallel fault. Both holes did not explain the AEM conductors and both targets require further investigation and will be surveyed by DHEM to test for offhole conductors.

Target 3

Both drillholes hit a sulphidic black shale unit that explained the targeted EM conductors, no further work is necessary. No nickel mineralisation was discovered.

Target 4

The drillhole intersected the ultramafic unit but did not fully drill through it to test the basal contact of the ultramafic unit or explain the conductor. High water volumes required early termination of the drill hole. This hole requires a DHEM survey

Target 5

The drill hole did not intersect the ultramafic unit and had to be stopped early due to high water volumes. Based on the geological information, the hole is interpreted to have not been drilled deep enough. The EM conductor has not been identified in this hole and will be subject to a DHEM survey

This initial drilling program, targeting nickel sulphide mineralisation at Grey Dam, has confirmed and enhanced the understanding of the geology at the target area. The geochemistry and multi-element assay results remain positive for the development of nickel sulphide mineralisation within the Grey Dam mafic/ultramafic package.

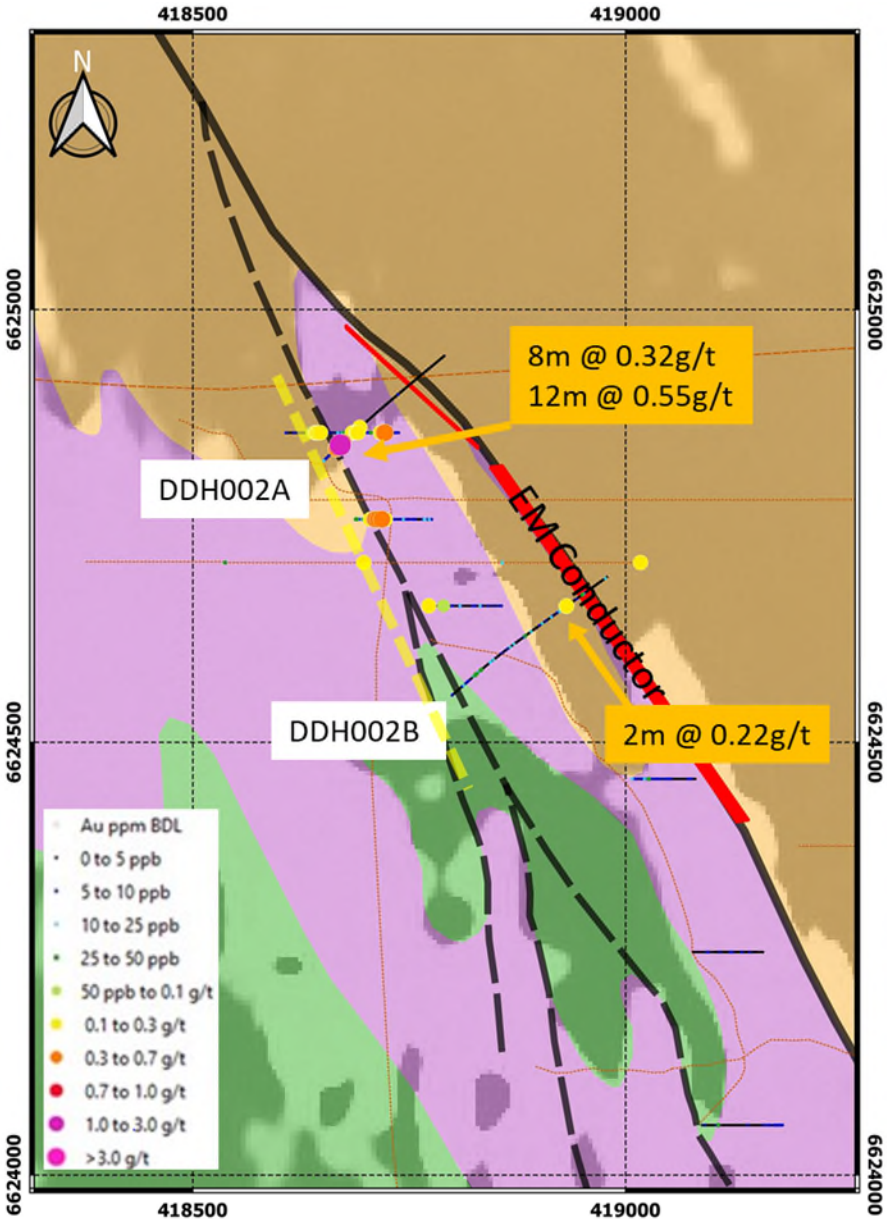

Figure 4, New gold Anomaly with local geology and EM conductor

Mafic unit green Ultramafic unit purple and sediments brown

New Gold Anomaly

Carnavale intersected shallow gold mineralisation from 38m downhole in DDH002A at the fresh rock interface. Gold intercepts including 8m @ 0.32g/t, 12m @ 0.55g/t in DDH002A and 2m @ 0.22g/t in DDH002B.

This mineralisation aligns with historic anomalous gold results in wide spaced aircore drilling, from previous explorers. The mineralized trend is aligned with a structure interpreted from the aeromagnetic imagery (Figure 4).

The Grey Dam area is prospective for shallow gold mineralisation, with potentially open pittable gold resources delineated in the neighbouring tenements held by ASX listed Kalnorth Gold Mines Ltd. Carnavale intends to review the existing drill data, geochemical data and aeromagnetic imagery to plan further testing of this new gold anomaly.

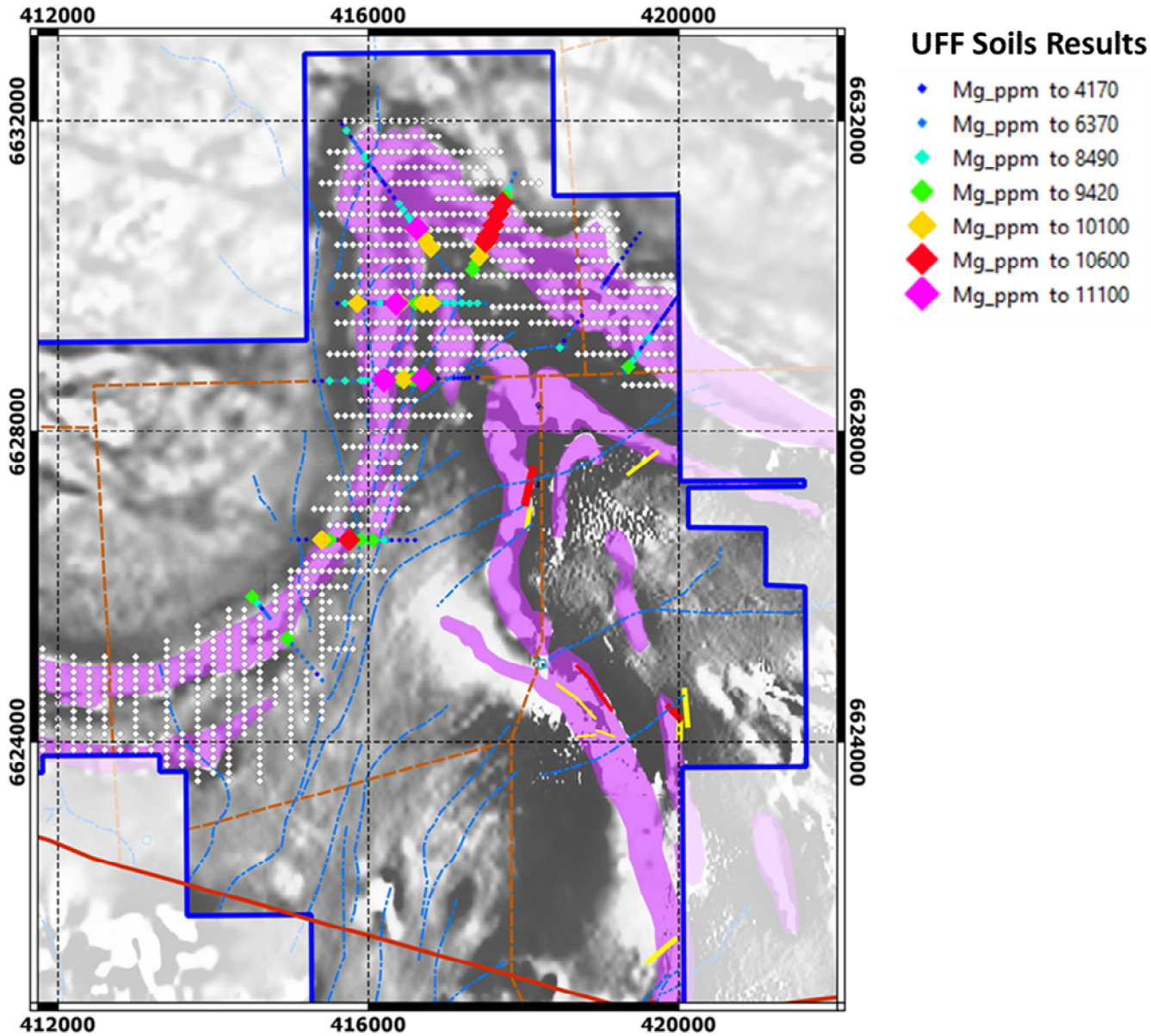

Figure 5, Proposed phase 2 UFF soil program

Aeromagnetic survey and priority EM conductors in red and yellow

Further exploration at Grey Dam

Drill targets 2, 4 and 5 from the recent drilling program will be surveyed by DHEM. This program is expected to be completed in the December quarter.

Carnavale has planned a second phase of ultra-fine fraction (UFF) soils sampling to explore for nickel sulphide anomalism beneath shallow cover in the northwestern part of the tenement package. A follow up EM survey will be completed subject to results from the UFF soil program (Figure 5).

With the discovery of a strong gold anomaly at shallow depths in hole DDH002A, the Company is reviewing the historic data to understand this occurrence in more detail.

This release is approved by the Board of Carnavale Resources Limited.

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Competent Persons Statement

The information that relates to Exploration Results for the projects discussed in this announcement represents a fair and accurate representation of the available data and studies; and is based on, and fairly represents information and supporting documentation reviewed by Mr. Humphrey Hale, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Hale is a Consultant to Carnavale Resources Limited. Mr. Hale 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. Hale 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, programs, 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.

Information relating to Previous Disclosure

Previously reported material Information relating to the Grey Dam Project include:

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
Drilling to test strong Nickel EM targets at Grey Dam 29 July 2020
Grey Dam Nickel Project Soil sampling update 31 August 2020
Grey Dam Nickel Project - Drilling Commenced 11 September 2020

Appendix 1

Significant Intercepts table (>0.1g/t).

SiteID	EastUTM	NorthUTM	RL	GridUTM	Dip	AzimUTM	DepthFrom	Intercept
DDH001B	417950	6627281	365	MGA94_Z51	-59.96	94.386	30	2.0m @ 0.29ppm Au
DDH001B	417950	6627281	365	MGA94_Z51	-59.96	94.386	40	4.0m @ 0.39ppm Au
DDH001B	417950	6627281	365	MGA94_Z51	-59.96	94.386	255.5	1.0m @ 0.57ppm Au
DDH002A	418651	6624825	361	MGA94_Z51	-60.04	45.77	38	8.0m @ 0.32ppm Au
DDH002A	418651	6624825	361	MGA94_Z51	-60.04	45.77	52	12.0m @ 0.55ppm Au
DDH002A	418651	6624825	361	MGA94_Z51	-60.04	45.77	112	2.0m @ 0.27ppm Au
DDH002B	418799	6624554	362	MGA94_Z51	-60.04	50.15	318	2.0m @ 0.22ppm Au
DDH005B	419559	6620464	345	MGA94_Z51	-60.13	112.734	34	6.0m @ 0.23ppm Au
DDH005B	419559	6620464	345	MGA94_Z51	-60.13	112.734	50	6.0m @ 0.27ppm Au

Collar table

LeaseCurrent	HoleID	TypeDetails	EndDepth	GridOrig	EastOrig	NorthOrig	RLOrig	Dip	AzimUTM
E 28/2567	DDH001B	DD	285.3	MGA94_Z51	417950	6627281	365	-59.96	94.386
E 28/1477	DDH002A	DD	333.4	MGA94_Z51	418651	6624825	361	-60.04	45.77
E 28/1477	DDH002B	DD	423.4	MGA94_Z51	418799	6624554	362	-60.04	50.15
E 28/1477	DDH003A	RC	150	MGA94_Z51	419898	6624387	360	-60.72	49.066
E 28/1477	DDH003B	RC	180	MGA94_Z51	419940	6624299	357	-61.09	49.456
E 28/2682	DDH004B	RC	159	MGA94_Z51	419823	6620342	346	-60.53	115.025
E 28/2682	DDH005B	RC	170	MGA94_Z51	419559	6620464	345	-60.13	112.734

Appendix 2 – Reporting of exploration results - JORC (2012) Table 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• 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. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. 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.	• A combination rig was supplied by Seismic Drilling Services that could be configured for diamond or RC drilling. The RC drilling was completed initially and the rig was then configured to diamond drilling to complete diamond tails on 3 RC holes. • When configured for RC drilling a booster auxiliary was available to supplement the Rig air ensuring a dry sample was collected. • RC drilling was used to obtain 1 m samples and 2m composites samples from a cone splitter attached to the drill rig. 2m composites were submitted to the laboratory for analysis. • Samples submitted for analysis were approx. 3kg • NQ2 Diamond drilling was also undertaken with core sampled at 1m intervals and submitted for analysis • Sampling and analytical procedures detailed in the sub-sampling techniques and sample preparation section.
Drilling techniques	• 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).	• Reverse circulation drilling by Seismic Drilling Services. Achieved hole diameter size of (5 1/2 inch). • Diamond Drilling conducted by Seismic Drilling Services. Diamond core was drilled as NQ2.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • 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.	• Sample recovery size and sample condition (dry, wet, moist) recorded for RC drilling. • Drilling with care (eg. clearing hole at start of rod, regular cyclone cleaning) if water encountered to reduce incidence of wet samples. • Sample loss during diamond drilling was minimal.
Logging	• 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.	• RC Logging carried by inspection of washed cuttings at time of drilling. A representative sample was collected in plastic chip trays for future reference. • Diamond core was placed in core trays and transported to a secure Kalgoorlie yard to be orientated and marked up. • Logging included geotechnical measurements, geological observations and Magnetic susceptibility. • All core was photographed.
Sub-sampling techniques and	• If core, whether cut or sawn and whether quarter, half or all core taken.	• Core was cut in half by an automated cutting machine. Half

Criteria	JORC Code Explanation	Commentary
sample preparation	• 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.	core was sampled on 1m intervals. • 1m and 2m Composite samples were collected from a cone splitter attached to the drill rig in pre-numbered calico bags. Samples weighed between 2.5 - 3 kg. 2m composite samples were bagged in polyweave bags for dispatch to assay laboratory • Samples are dried (nominal 110 degrees C), crushed and pulverized to produce a homogenous representative sub-sample for analysis. All samples are pulverised utilising ALS preparation techniques CRU-21 & PUL-23. A grind quality target of 85% passing 75µm has been established and is relative to sample size, type and hardness. • 1m resamples were taken from intervals where original composite samples returned anomalous mineralisation. • The sample size and sample preparation prior to analysis are considered to be appropriate for the expected mineralisation.
Quality of assay data and laboratory tests	• 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.	• The composite samples were collected at ALS, Kalgoorlie. The samples were transported to the ALS facility in Perth by courier. Following the sample preparation outlined in the previous section above, all samples were analysed by ALS using 4-Acid Digest & Assay [ME-ICP61] plus a specific assay for Gold [Au-ICP21] by ALS laboratories in Perth. • Gold intercepts are calculated with a 0.20g/t Au lower cut, no upper cut and maximum of 2m internal dilution. • In addition to the Quality control process and internal laboratory checks Carnavale inserted standards and blanks at a rate of 1 to 20 samples. Standards were selected based on oxidation and grade relevant to the expected mineralisation. This process of Qa/Qc demonstrated acceptable levels of accuracy.

Criteria	JORC Code Explanation	Commentary
Verification of sampling and assaying	• 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.	• A review of the assay data against the logged information by the field technician and geologist has been completed to verify intercepts. • Internal laboratory standards are completed as a matter of course as well as introduced blind standards/CRM by the Company. • Sample data was captured in the field and data entry completed. Sample data was then loaded into the Company's database and validation checks completed to ensure data accuracy. • No twinned holes have been completed at this stage. • No adjustments have been made to the assay data.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Drill holes were surveyed by handheld GPS with horizontal accuracy (Easting and Northing values) of +-5m. • Grid System – MGA94 Zone 51.
Data spacing and distribution	• 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.	• Holes were drilled to target specific EM conductors and were located accurately by Handheld GPS. • No mineral classification is applied to the results at this stage. • Samples were collected on 1m and 2m intervals directly from the cone splitter on the RC rig. Diamond core was sampled at 1m intervals.
Orientation of data in relation to geological structure	• 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.	• No bias has been introduced from the sampling technique. Drilling has been designed to target the stratigraphy normal to bedding. • Insufficient data to determine orientation of mineralised structures.
Sample security	• The measures taken to ensure sample security.	• Samples were securely stored in the field and transported to the laboratory by an authorised company representative or an authorised transport agency.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• No audits or reviews completed.

Section 2: Reporting of Exploration Results

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• 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.	• The Tenement package includes 6 granted exploration licenses (E28/2587, E28/2567, E28/2506, E28/2760, E28/1477) and 1 mining license M28/378 • Carnavale has entered into a 3 year option agreement with Minex (Aust) Pty Ltd to earn 80% of E28/2567 E28/2682. E28/2760 and E28/2506 commencing 11 Nov 2019. • Carnavale has entered into a 3 year option agreement with Simon Buswell Smith to earn 80% of E28/2587 commencing 21 June 2019. • Carnavale owns 100% of E28/1477 M28/378 and E28/2760. • There are no known impediments to obtaining a license to operate in this area. • The Maduwongga people are the registered traditional owners of the area. A heritage survey has been completed with no sites of significance identified
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• The Grey Dam Ni-Co deposit has had previous RC, diamond and aircore drilling undertaken by previous owners searching for gold nickel and Cobalt. These include: • Gutnick Resources NL in 1993 • Mt Kersey mining NL in 1999 • Condor Nickel NL in 2007 • Carrick Gold in 2018 • Carnavale Resources Ltd 2018 drilled a lateritic nickel cobalt resource to JORC 2012 standards
Geology	• Deposit type, geological setting and style of mineralisation.	• Target is shear hosted gold mineralisation and Kambalda style nickel sulphide deposits.
Drill hole Information	• 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: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. • 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.	• A Collar table is supplied in the Appendices • A table of significant intercepts is supplied in the Appendices

Criteria	JORC Code Explanation	Commentary
Data aggregation methods	• 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. • 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. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Intercepts are reported as down-hole length and average gold intercept are calculated with a 0.1g/t Au lower cut, no upper cut and no internal dilution. • No metal equivalent values or formulas used.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • 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').	• All results are based on whole down-hole metres. True width not known.
Diagrams	• 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.	• Appropriate summary diagrams with Scale and MGA 94 coordinates are included in the accompanying report above.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• Diagrams show all drill holes completed.
Other substantive exploration data	• 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.	• Historical drill programs have defined coincident Ni Cu and Pt geochemical anomalies with the mafic Ultra mafic package. • Aeromagnetic data and geology has been drill verified • A FLEM survey was completed over the geochemical anomalies that provided strong, defined conductors.
Further work	• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Planning has commenced on a soil sampling program to test the remainder of the interpreted mafic ultramafic geology package to the Northwest for nickel and gold. • A data review to follow up on the gold intercept.