Carnaby

MOUNT BIRNIE AND DUCHESS COPPER PROSPECTS
NEW IP ANOMALIES
4,000m RC DRILLING UNDERWAY

Carnaby Resources Limited (ASX: CNB) (**Carnaby** or the **Company**) is pleased to provide an exploration update for the Greater Duchess Copper Gold Project in Mount Isa, Queensland.

Highlights – Greater Duchess Copper Project, Mount Isa, Queensland

- Results from a pole/dipole IP/Resistivity survey at the **Mount Birnie** Prospect have generated several significant IP chargeability anomalies along strike and adjacent to the Mount Birnie copper deposit (Figure 2)
- A new area 500m to the south of the **Mount Birnie Prospect** has produced several IP chargeability anomalies across 4 consecutive lines (Figure 2).
- At the **Duchess** Prospect a single IP line across the Duchess, Ivanhoe and Central lodes has identified IP chargeability anomalies associated with the known lodes and identified a deep IP anomaly under the main shaft area at Duchess, which historically produced **25,155t of copper @ 12% Cu**.
- A **4,000m RC drilling** program targeting the Mount Birnie and Nil Desperandum Prospects and other key copper target areas within the Greater Duchess Copper Gold project has commenced.

The Company's Managing Director, Rob Watkins commented:

"The extensive IP geophysical survey just completed at Nil Desperandum (see ASX release 7 May 2021), and now Mount Birnie and Duchess has generated numerous chargeability anomalies of high potential, which are now being targeted in the recently commenced 4,000m RC drilling program. We are excited about these targets and look forward with great anticipation to the results from this drilling program."

ASX Announcement

20 May 2021

Fast Facts

Shares on Issue 117.9M

Market Cap (@ 45.5cents) $53.7M

Cash $8.0M[1]

[1]As of 31 March 2021

Board and Management

Peter Bowler, Non-Exec Chairman

Rob Watkins, Managing Director

Greg Barrett, Non-Exec Director & Company Secretary

Paul Payne, Non-Exec Director

Company Highlights

- Proven and highly credentialed management team
- Tight capital structure and strong cash position
- Projects near to De Grey's Hemi gold discovery on 442 km^2 of highly prospective tenure
- Greater Duchess Copper Gold Project, numerous camp scale IOCG deposits over 323 km^2 of tenure
- 100% ownership of the Tick Hill Gold Project (granted ML's) in Qld, historically one of Australia highest grade and most profitable gold mines
- Past production of 511 koz at 22 g/t gold
- Indicated and Inferred Mineral Resource of 845,000 t @ 2.47 g/t gold for 67,100 ounces[2]
- Proven and Probable Ore Reserves of 459,900 t @ 1.89 g/t gold for 28,000 ounces[2]

[2]Refer ASX release 5 June 2020, to be adjusted following Tailings Sale & NSR Royalty Agreement, refer ASX release 3 August 2020

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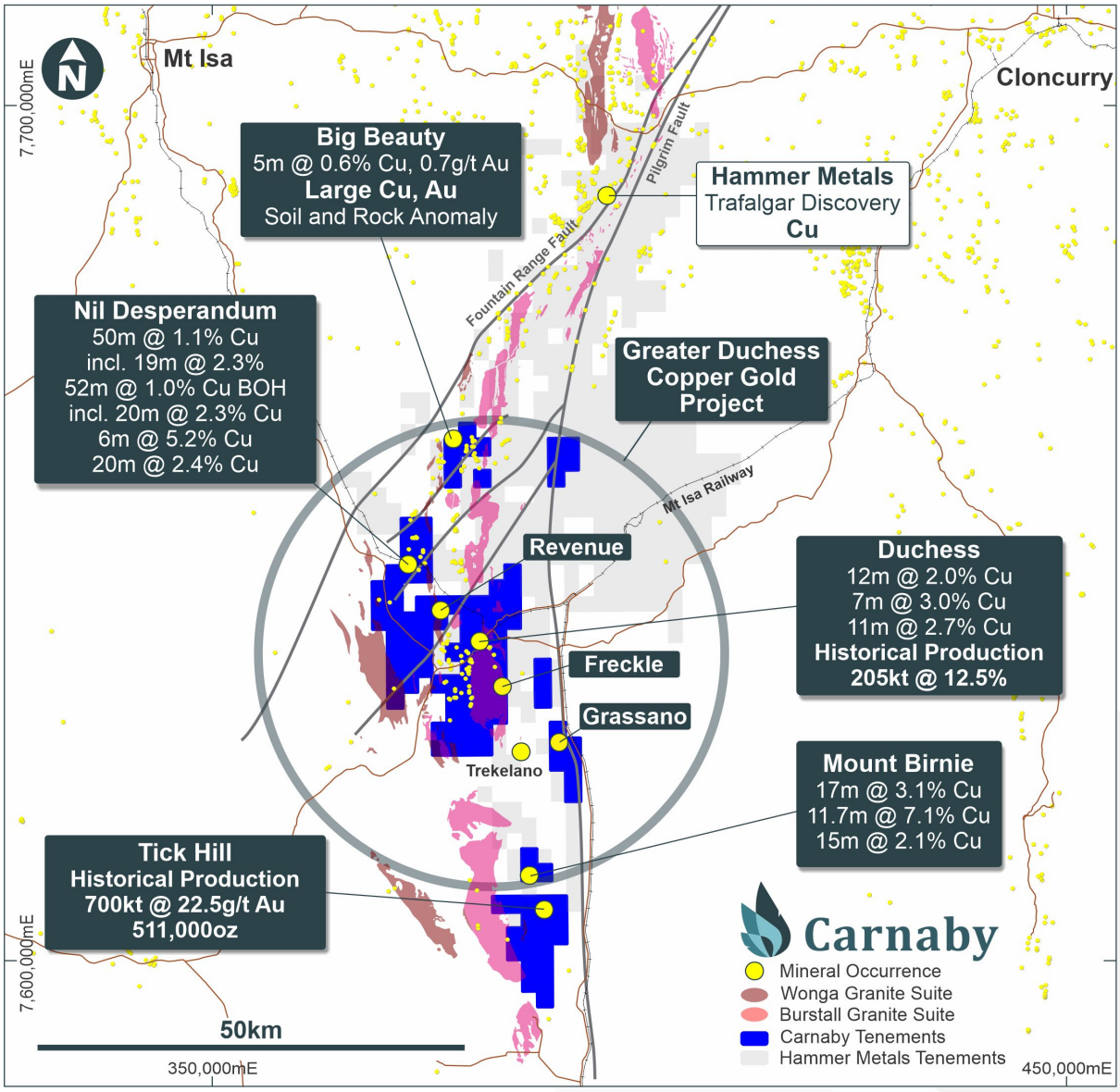


Figure 1. Greater Duchess Copper Gold project location map.

GREATER DUCHESS COPPER GOLD PROJECT (CNB 82.5 -100%)

The Greater Duchess Copper Gold Project encompasses over 70 km of IOCG targets north of the Tick Hill gold deposit, centred around the historical Duchess copper mining district and south of Hammer Metals' (HMX) new Trafalgar copper gold discovery (see ASX release 17 February 2021).

Carnaby has completed a 15-line km ground Induced Polarisation (**IP**) pole / dipole survey at Nil Desperandum, Mount Birnie and Duchess. The IP survey was completed by Planetary Geophysics Pty Ltd and results processed by Southern Geoscience Consultants. The results from the Mount Birnie and Duchess areas have now been processed and are presented and

discussed below. Modelled chargeability and resistivity inversion sections are presented in Appendix 1.

A 4,000m RC drilling program has just commenced, targeting the new IP anomalies and deposit extensions at Nil Desperandum, Mount Birnie and other key target areas within the Greater Duchess Copper Gold Project.

MOUNT BIRNIE PROSPECT

Mount Birnie is a series of shallow, turn of the century historical copper workings hosted in steeply dipping NE striking lodes, last drilled by Carnaby in 2019 where results of up to **17 m @ 3.2 % copper** from 84m including **3 m @ 9.3% copper** from 76m and **2m @ 9.5% copper** from 99m were reported (see ASX release 1 August 2019). Prior to the Carnaby drilling in 2019, the only other recorded historical drilling was from 1967 where diamond drill results of up to **11m @ 7.1% copper** from 84m and **13m @ 3.3% copper** including **4m @ 8.6% copper** from 182m were recorded (see ASX release 11 June 2019). Very little drilling has been completed outside of the main workings area (Figure 2).

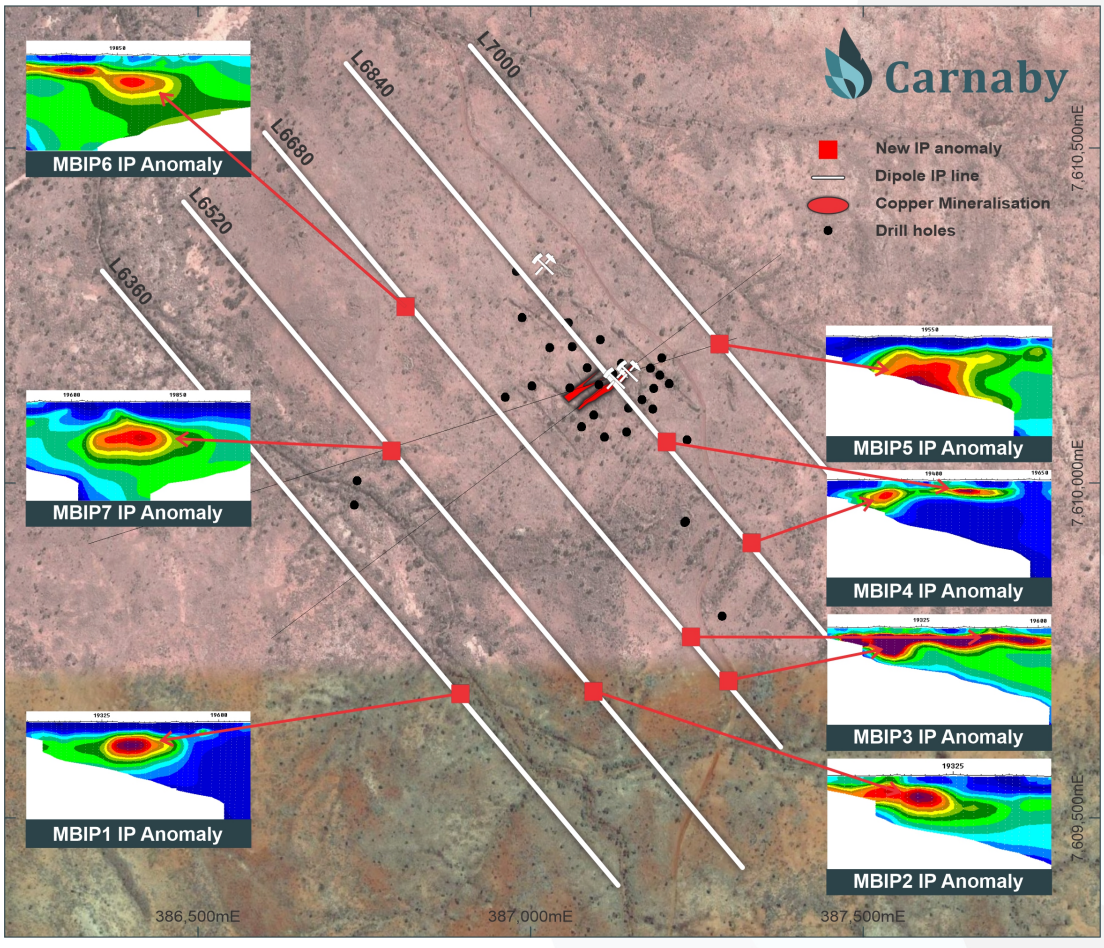


Figure 2. Mount Birnie Plan showing location of IP lines and new IP anomalies.

Carnaby has completed an extensive 5.9 line km, 5 line pole/dipole Induced Polarisation/Resistivity survey at Mount Birnie (Figure 2).

The results have highlighted several chargeability IP inversion anomalies (MBIP5-7) along strike and adjacent to the main known historical Mount Birnie workings area and at a new area approximately 500m south of Mount Birnie where a continuous broadly NE-SW striking chargeability anomaly has been generated over 4 consecutive IP lines (Figure 2).

MBIP1 to MBIP4 IP Anomalies

MBIP1 to MBIP4 IP chargeability inversion anomalies appear to form a continuous IP anomaly across 4 consecutive IP lines covering a strike length of approximately 500m, striking broadly NE SW (Figure 2). The modelled depth of the IP anomalies varies from approximately 50 to 150m below surface (Appendix 1).

The strongest recoded chargeability inversion is the from the SW end of line 6360 from the MBIP1 IP anomaly (Figure 3).

The source of the IP anomalies 500m south of Mount Birnie is presently unknown and is being targeted in the recently commenced RC drilling program.

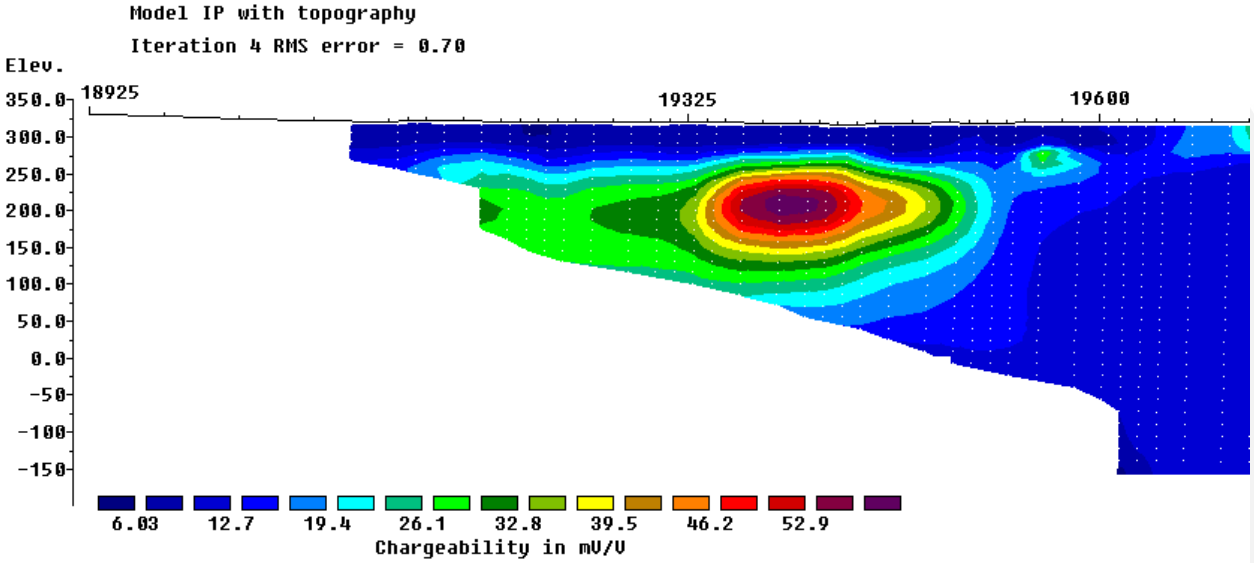


Figure 3. MBIP1 chargeability Inversion IP anomaly.

MBIP5 to MBIP7 IP Anomalies

MBIP5 to MBIP7 chargeability inversion anomalies are located along strike and adjacent to the Mount Birnie workings (Figure 2).

MBIP5 is located approximately 150m ENE of and potentially along strike from Mount Birnie where the eastern most drill hole at Mount Birnie is open to the NE and recorded **6m @ 1.1%**

copper from 28m. The modelled depth of the MBIP5 anomaly is approximately 150m below surface (Appendix 1).

MBIP6 is located approximately 200-250m NW of Mount Birnie workings area and is modelled to occur at about 100m below surface. The anomaly is located away from the interpreted NE striking structural corridor of the Mount Birnie workings, however is close to Carnaby's 2019 diamond hole MBD009 which intersected broad low level copper mineralisation associated with disseminated chalcopyrite of **95m @ 0.24% copper** from 59m.

MBIP7 is located approximately 250m southwest of Mount Birnie and is broadly within the interpreted southwest structural striking corridor of the copper mineralisation. This anomaly is located close to a major NW fault breccia coincident with the strike of a NW oriented creek (Figure 2). Depth to the top of MBIP7 is modelled to be approximately 150m (Figure 4, Appendix 1).

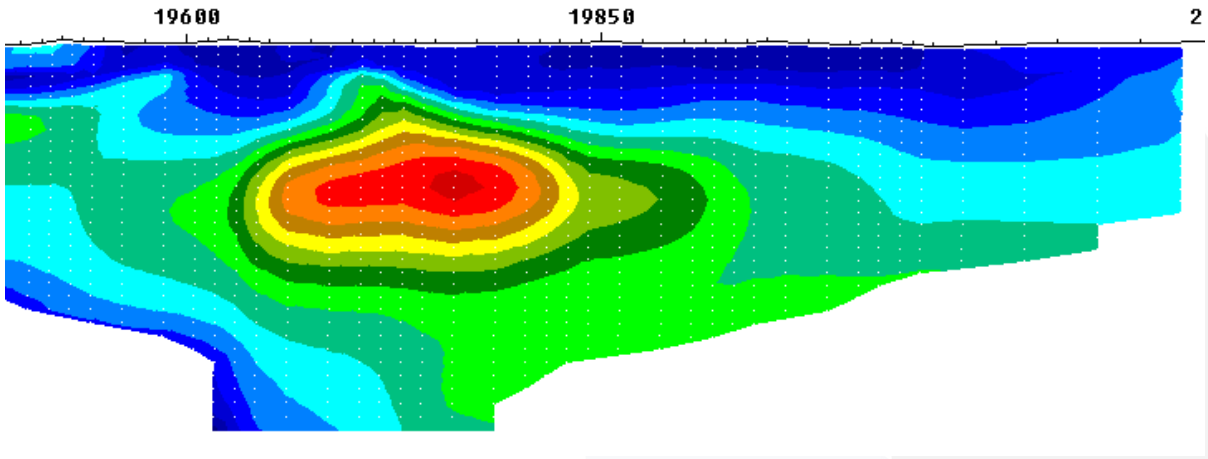


Figure 4. MBIP7 chargeability Inversion IP anomaly.

The source of the IP anomalies along strike and adjacent to Mount Birnie is presently unknown and is being targeted in the current RC drilling program which has just commenced.

DUCHESS PROSPECT

The Duchess Prospect is centred around the historical Duchess copper deposit that produced **25,155 t of copper at a head grade of 12%** between 1900 and 1940 from a single steeply dipping shoot mined down to 260m below surface and over a strike length of approximately 150m.

The Duchess prospect also includes the Ivanhoe and Central lodes immediately to the west of Duchess, where significant copper mineralisation has been defined and drilled by previous explorers.

Barrick completed HeliTEM at Duchess identifying a deep conductor anomaly directly beneath the mined area of the Duchess mine.

Carnaby completed a single 1.7 km IP line traversing across all 3 known lodes. The main aim of the IP line was to test for the HeliTEM anomaly directly below the Duchess Mine prior to a decision to drill.

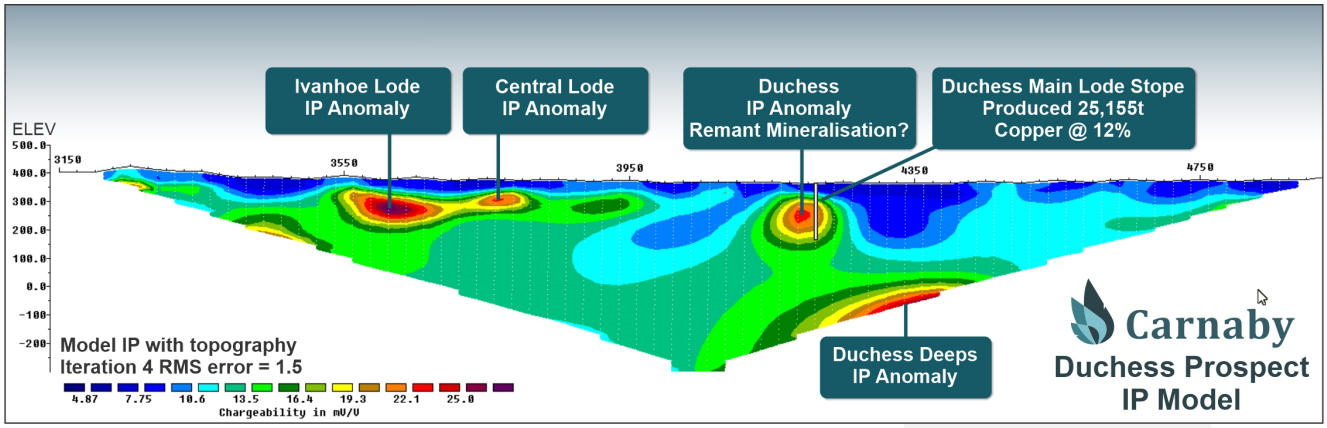


Figure 5. Duchess IP Line showing inversion modelling of chargeability and IP anomalies generated.

The results from the Duchess IP line encouragingly did define IP chargeability inversion anomalies associated with the known drilled Ivanhoe and Central lodes indicating the IP method is working well in detecting copper mineralisation. At the Duchess mine, a shallow chargeable inversion anomaly is interpreted to potentially represent remnant copper mineralisation not mined out historically. A deeper target has been identified below the main shaft area at Duchess Deeps and is under consideration for drilling. (Figure 5).

Further information regarding the Company can be found on the Company's website www.carnabyresources.com.au

For further information please contact:
Robert Watkins, Managing Director
+61 8 9320 2320

Competent Person Statement

The information in this document that relates to exploration results is based upon information compiled by Mr Robert Watkins. Mr Watkins is a Director of the Company and a Member of the AusIMM. Mr Watkins consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears. Mr Watkins has sufficient experience which

is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).

Disclaimer

References may have been made in this announcement to certain ASX announcements, including references regarding exploration results, mineral resources and ore reserves. For full details, refer to said announcement on said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and the mentioned announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Exploration Target(s) or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Previously released ASX Material References that relates to announcement include:

Nil Desperandum Strong IP Conductors, 7 May 2021

Greater Duchess Copper Gold Project Update, 17 February 2021

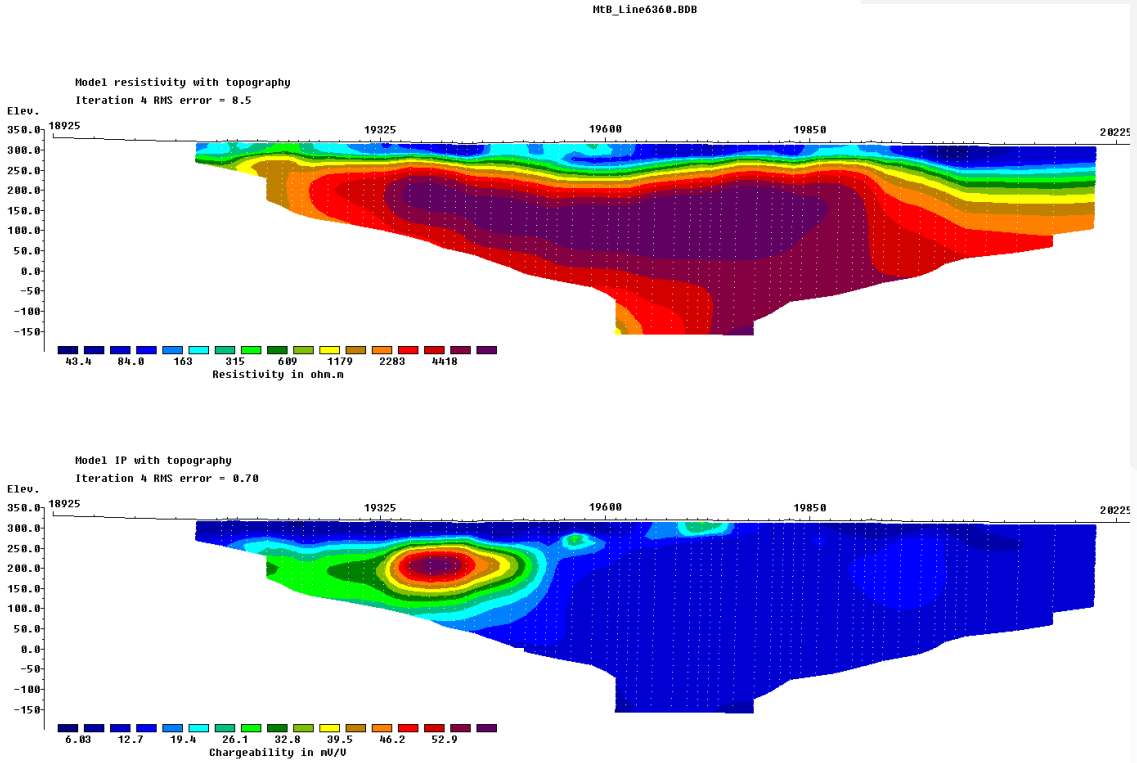
Mount Birnie Copper Project Drill Results up to 9.46% Copper, 1 August 2019

Spectacular Historical Drill Results – 11m @ 7.1% Cu, 11 June 2019

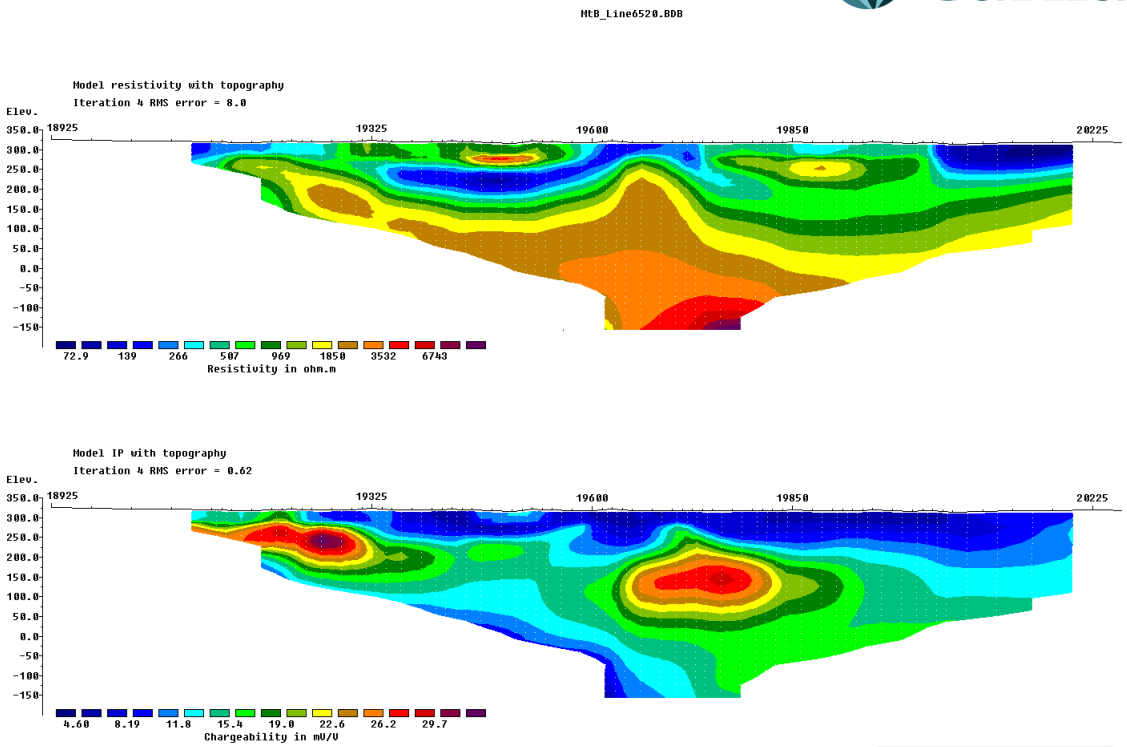
Tick Hill Key Target Area Update, 16 May 2019

Acquisition of Tick Hill Gold Project, Past Production 511koz @ 22.5g/t Gold, New Board Appointments, 12 March 2019

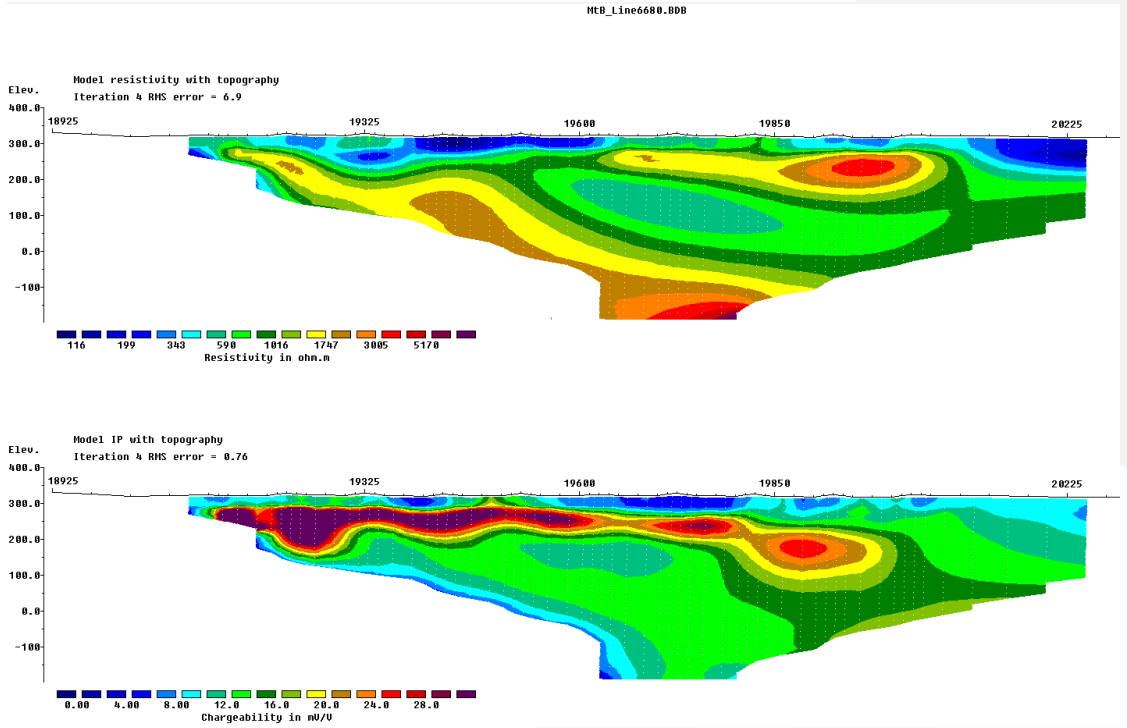
Appendix 1. Mount Birnie and Duchess IP Inversion Sections



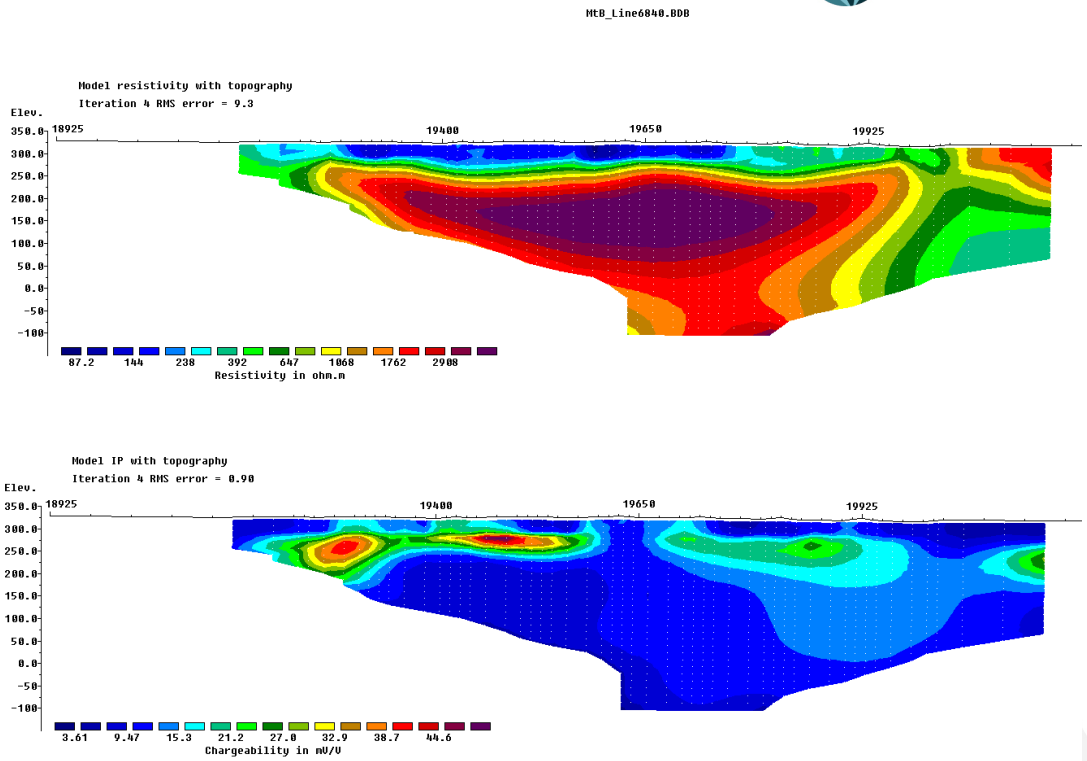
Mount Birnie Line 6360 showing inversion modelling of resistivity (top image) and chargeability (bottom image) and MBIP1 anomaly.



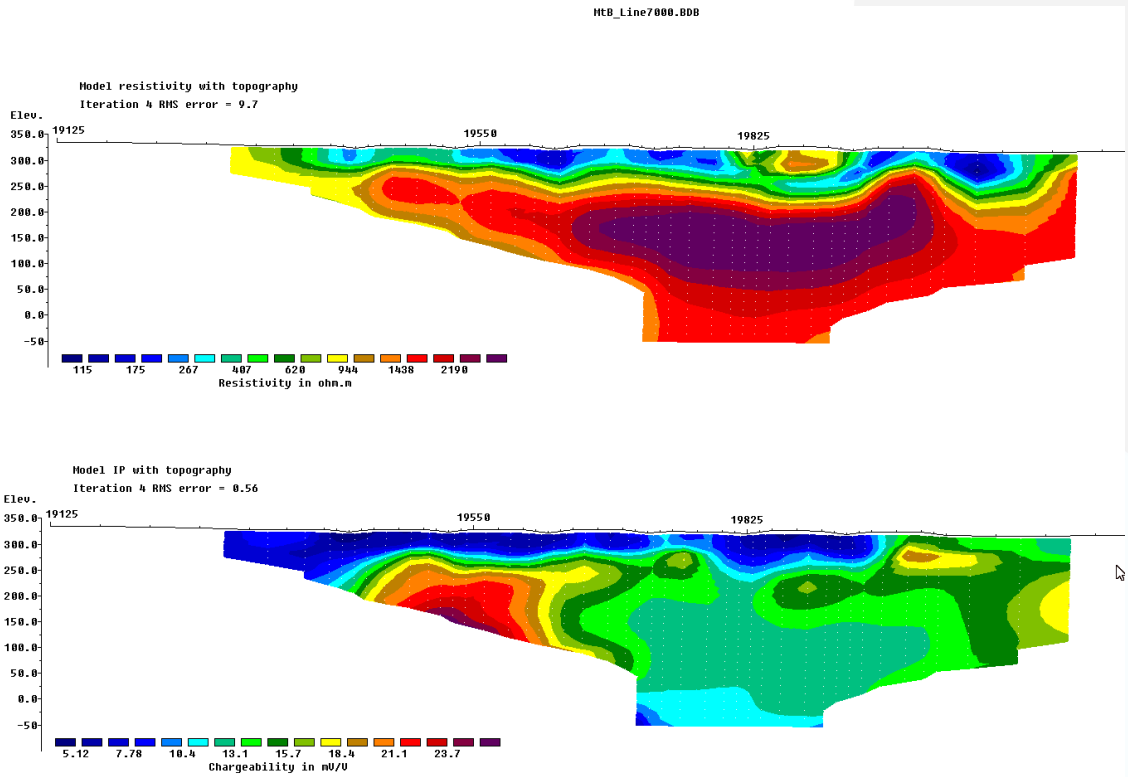
Mount Birnie Line 6520 showing inversion modelling of resistivity (top image) and chargeability (bottom image) and MBIP2 and MBIP7 anomalies.



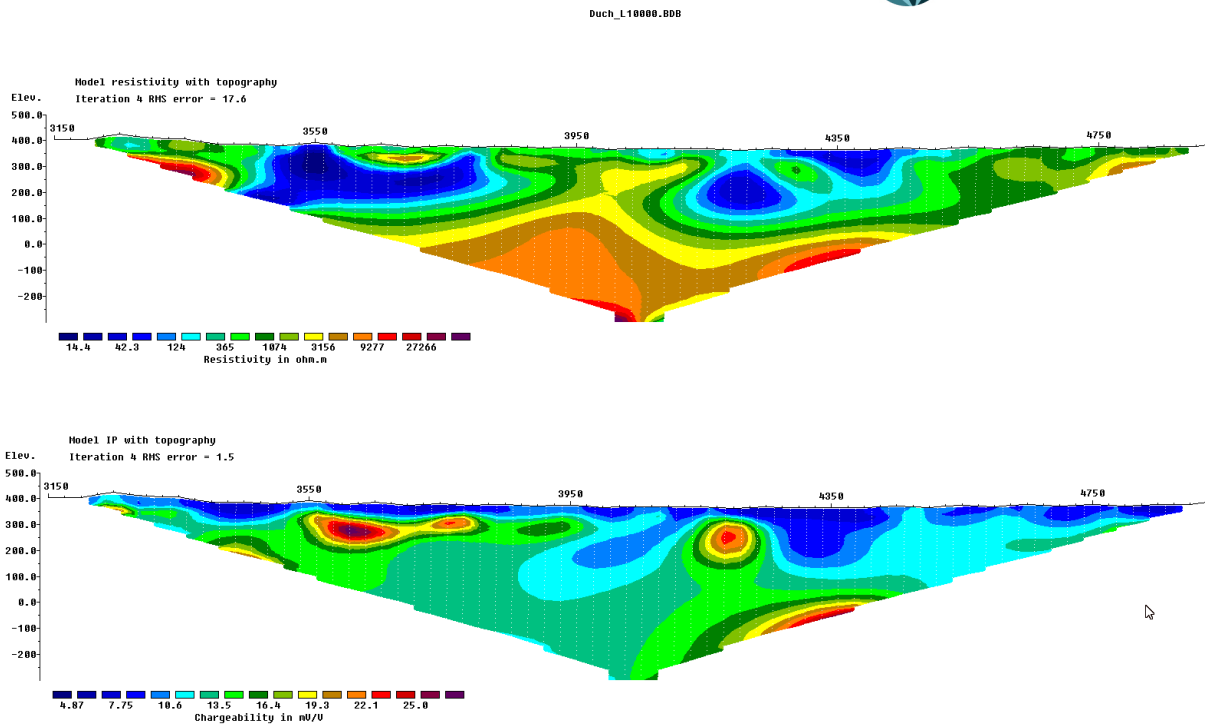
Mount Birnie Line 6680 showing inversion modelling of resistivity (top image) and chargeability (bottom image) and MBIP3 and MBIP6 anomalies.



Mount Birnie Line 6840 showing inversion modelling of resistivity (top image) and chargeability (bottom image) and MBIP4 anomaly.



Mount Birnie Line 7000 showing inversion modelling of resistivity (top image) and chargeability (bottom image) and MBIP5 anomaly.



Duchess IP Line showing inversion modelling of resistivity (top image) and chargeability (bottom image).

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

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	Multi-channel IP receiver (10x Iris Fullwaver or GDD RX32) • One GDD TXIV, 20Amp transmitter • 20x half-cell non-polarising electrodes • Eight kilometres of industry rated IP cable and collection mechanisms • Two 64s Garmin handheld GPS • Field processing computer

Criteria	JORC Code explanation	Commentary
	submarine nodules) may warrant disclosure of detailed information.	
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).	• N/A as IP geophysical survey results
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.	N/A as IP geophysical survey results
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.	• N/A as IP geophysical survey results
Sub-sampling techniques and sample preparation	• 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.	• N/A as IP geophysical survey results
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.	Multi-channel IP receiver (10x Iris Fullwaver or GDD RX32) • One GDD TXIV, 20Amp transmitter • 20x half-cell non-polarising electrodes • Eight kilometres of industry rated IP cable and collection mechanisms • Two 64s Garmin handheld GPS • Field processing computer 6 line, line 1 angled 125°-305°, all other lines angles 035°-215° • All Lines at Mount Birnie using 50 m A-spacing on receivers and 100 m on transmitter. At Duchess 100 m A-spacing on receivers and 100 m on transmitter • Receiver and transmitter points offset. • Measurements made in PDP and DPP sense.

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.	• N/A as IP geophysical survey results
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.	• Sample locations were obtained using a Garmin GPS in UTM MGA94 mode
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.	N/A as IP geophysical survey results
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.	• Most IP lines are at right-angles to the main mineralisation.
Sample security	• The measures taken to ensure sample security.	• N/A as IP geophysical survey results
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• N/A as IP geophysical survey results

Section 2 Reporting of Exploration Results

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

Criteria	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 Queensland projects comprise the Tick Hill Mine Project Region (105.5km^2) and the Regional Leases (217.3km^2). The projects comprise of three Mining Leases at Tick Hill (3.9km^2 - 100% interest acquired from Diatreme and Superior – ML's 7094, 7096 and 7097), twelve surrounding and regional tenements (293.3km^2 - 82.5% interest to be acquired from Syndicated – EPM's 9083, 11013, 14366, 14369, 17637, 18980, 19008, 25435, 25439, 25853, 25972,); and two additional tenements held by Carnaby associated entities (25.6km^2 – 100% beneficial interest held by a wholly owned subsidiary of Carnaby – EMP26651 and 27101). • Beneficial interest in the Western Australian tenements (969.3km^2) is held by Carnaby through wholly owned subsidiary of Carnaby (E69/3510, E69/3509 and E38/3289).

Criteria	Explanation	Commentary
		• The Tick Hill ML's are subject to a royalty on gold production, to a 3rd party, using the following formula: Production Royalty = Percent Royalty Rate X Recovered Gold / 100. The Percent Royalty Rate (below $5M in total royalty) = (Annual Recovered Grade (g/t) / 5) – 1. The Percent Royalty Rate (above $5M in total royalty) = (Annual Recovered Grade (g/t) / 10) – 0.5. For gold produced from the tailings dam, the Percentage Royalty Rate will be 10% for gold recovered above 1g/t Au. • The 3rd party royalty holder for Tick Hill ML's has the right to purchase any copper ore or concentrates on commercial terms.
Acknowledgment and appraisal of exploration by other parties.	• Acknowledgment and appraisal of exploration by other parties.	• There has been exploration work conducted over the Queensland project regions for over a century by previous explorers. The project comes with significant geoscientific information which covers the tenements and general region, including: a compiled database of 6658 drill hole (exploration and near-mine), 60,300 drilling assays and over 50,000 soils and stream sediment geochemistry results. This previous is understood to have been undertaken to an industry accepted standard and will be assessed in further detail as the projects are developed. Longreach Minerals Pty Ltd completed the diamond drilling in 1967.
Geology	• Deposit type, geological setting and style of mineralisation.	• The Tick Hill project area is located in the Mary Kathleen domain of the eastern Fold Belt, Mount Isa Inlier. The Eastern Fold Belt is well known for copper, gold and copper-gold deposits; generally considered variants of IOCG deposits. The region hosts several long-lived mines and numerous historical workings. Deposits are structurally controlled, forming proximal to district-scale structures which are observable in mapped geology and geophysical images. Local controls on the distribution of mineralisation at the prospect scale can be more variable and is understood to be dependent on lithological domains present at the local-scale, and orientation with respect to structures and the stress-field during D3/D4 deformation, associated with mineralisation. • Consolidation of the ground position around the mining centres of Tick Hill and Duchess and planned structural geology analysis enables Carnaby to effectively explore the area for gold and copper-gold deposits. • The Malmac Project in Western Australia is within the Palaeoproterocic Earaheedy basin abutting the northern part of the Yilgarn Craton. All projects are perspective for orogenic gold while the Malmac Project is also considered perspective for base metal mineralisation. • The Throssel Project in Western Australia is positioned within the Archaean granite greenstone terrane of the Eastern Goldfields which forms part of the Yilgarn Craton.
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.	• N/A as IP geophysical survey results

Criteria	Explanation	Commentary
	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.	
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.	• N/A as IP geophysical survey results
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').	• N/A as IP geophysical survey results
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.	• See the body of the announcement.
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.	• The exploration results should be considered indicative of mineralisation styles in the region.
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.	• As discussed in the announcement • Inversion modelling was completed by Southern Geoscience Consultants using RES2DINV
Further work	• The nature and scale of planned further work (e.g. 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.	• Drill testing of the IP anomalies is being completed