



carnavale  
resources ltd

ABN 49 119 450 243

**AND CONTROLLED ENTITIES**

**HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED  
31 DECEMBER 2022**

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## CONTENTS

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	<i>Page</i>
Directors' Report .....	2
Auditor's Independence Declaration.....	14
Condensed Consolidated Statement of Comprehensive Income.....	15
Condensed Consolidated Statement of Financial Position.....	16
Condensed Consolidated Statement of Changes in Equity .....	17
Condensed Consolidated Statement of Cash Flows .....	18
Notes to the Condensed Consolidated Financial Statements .....	19
Directors' Declaration.....	24
Independent Auditor's Review Report.....	25

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

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### DIRECTORS' REPORT

Your directors submit the financial report of Carnavale Resources Limited (the “Company”) and its controlled entities (the “Group”) for the half-year ended 31 December 2022. The directors report as follows:

#### Directors

The directors of the Company during or since the end of the half-year are listed below. All directors were in office for this entire period unless otherwise stated.

Ron Gajewski	Chairman
Andrew Beckwith	Non-Executive Director
Rhett Brans	Non-Executive Director

#### Results

The consolidated loss for the half-year after tax was \$289,973 (2021: \$309,357).

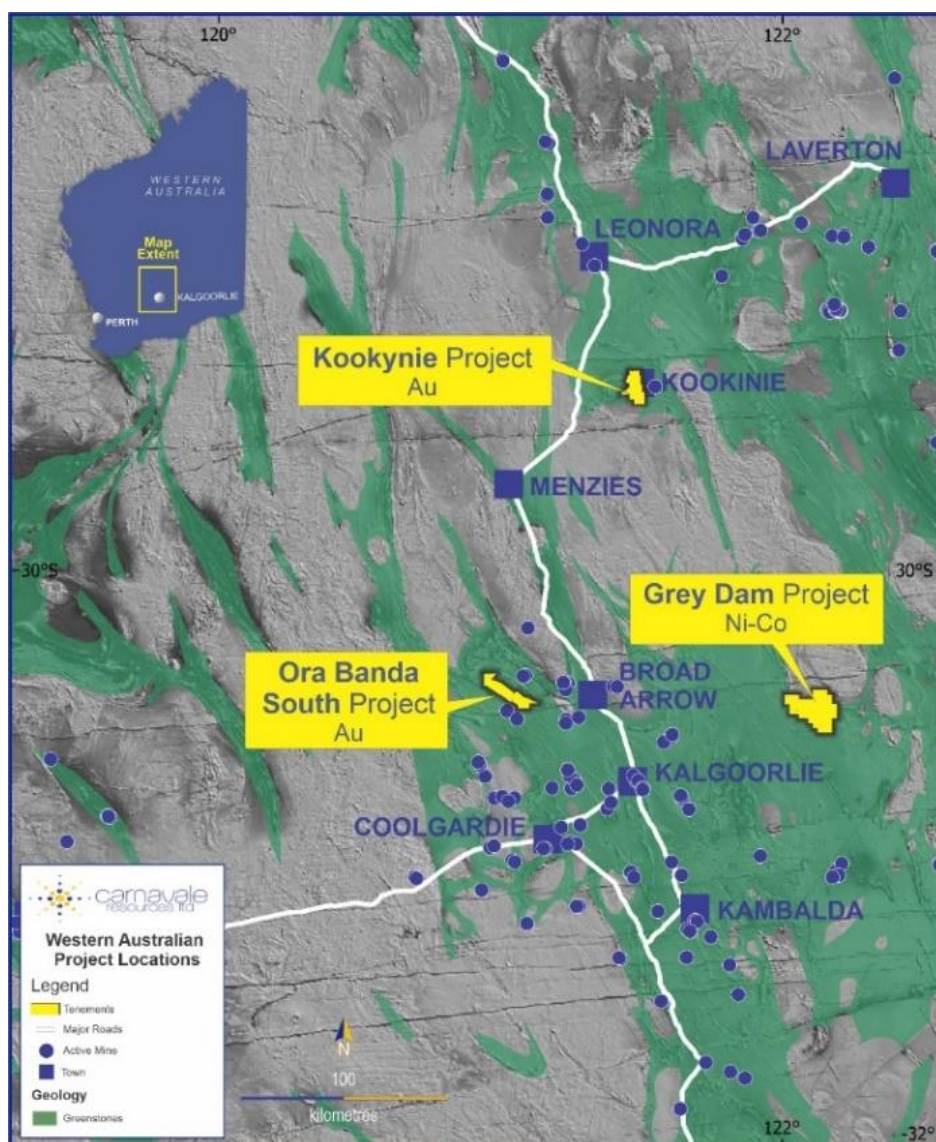
#### Review of Operations

Carnavale is an Australian based mineral exploration company with a strategy to acquire and explore high quality advanced exploration and development projects, prospective for strategic minerals. Carnavale is currently focused on its gold projects in Western Australia. The Company is actively looking to acquire new opportunities associated with the rapidly increasing demand within the electric battery sector and other new-age disruptive technologies, together with the gold, nickel and copper resource sector.

At the **Kookynie Gold Project** results were received from the second program of RC drilling (5,210m) that discovered a new high-grade zone at **McTavish North** in fresh rock. The program was following up on bonanza grade gold results received in January 2022 that defined a new high-grade lode in fresh rock at McTavish East. In addition, results were received from the aircore drilling program completed along the **1.1km** long prospective structure between **McTavish East** and **Champion South** that expanded the high-grade **McTavish East** discovery by **200m**. Also, results were received from a program of 3 diamond tails for 490m of diamond drilling that was completed at McTavish East testing down dip extensions to the mineralised structure and providing detailed geological information for future resource work.

At the **Ora Banda South Gold Project** results were received from a substantial, 8,885m, third aircore drilling program. The drilling was following up on strong results received from two earlier aircore drilling programs. In addition, CAV completed the first program of wide spaced RC drilling at the Carnage Prospect following up on excellent high-grade gold results from CAV aircore drilling in the regolith. In October 2022, CAV elected to exercise its Option pursuant to the agreement to acquire 80% of the **Ora Banda South Gold Project** from Western Resources Pty Ltd. (refer CAV ASX release dated 5 October 2020 and 4 October 2022)

DIRECTORS' REPORT



*Figure 1: Carnavale tenement holding with historic deposits.*

## Kookynie Gold Project

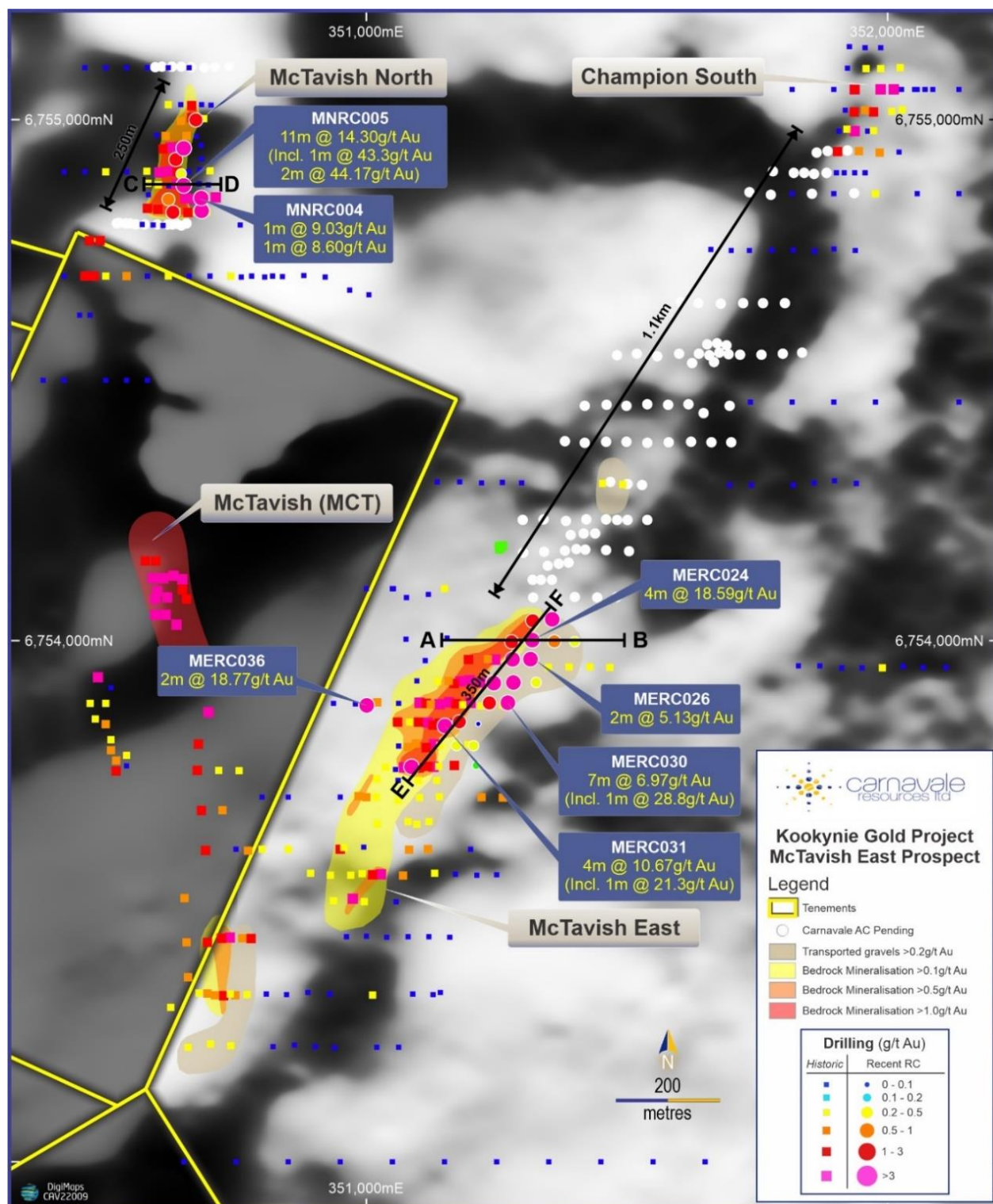


Figure 2: Plan showing McTavish North, McTavish East and Champion South with prospective 1.1km corridor



## DIRECTORS' REPORT

**McTavish East****RC at McTavish East**

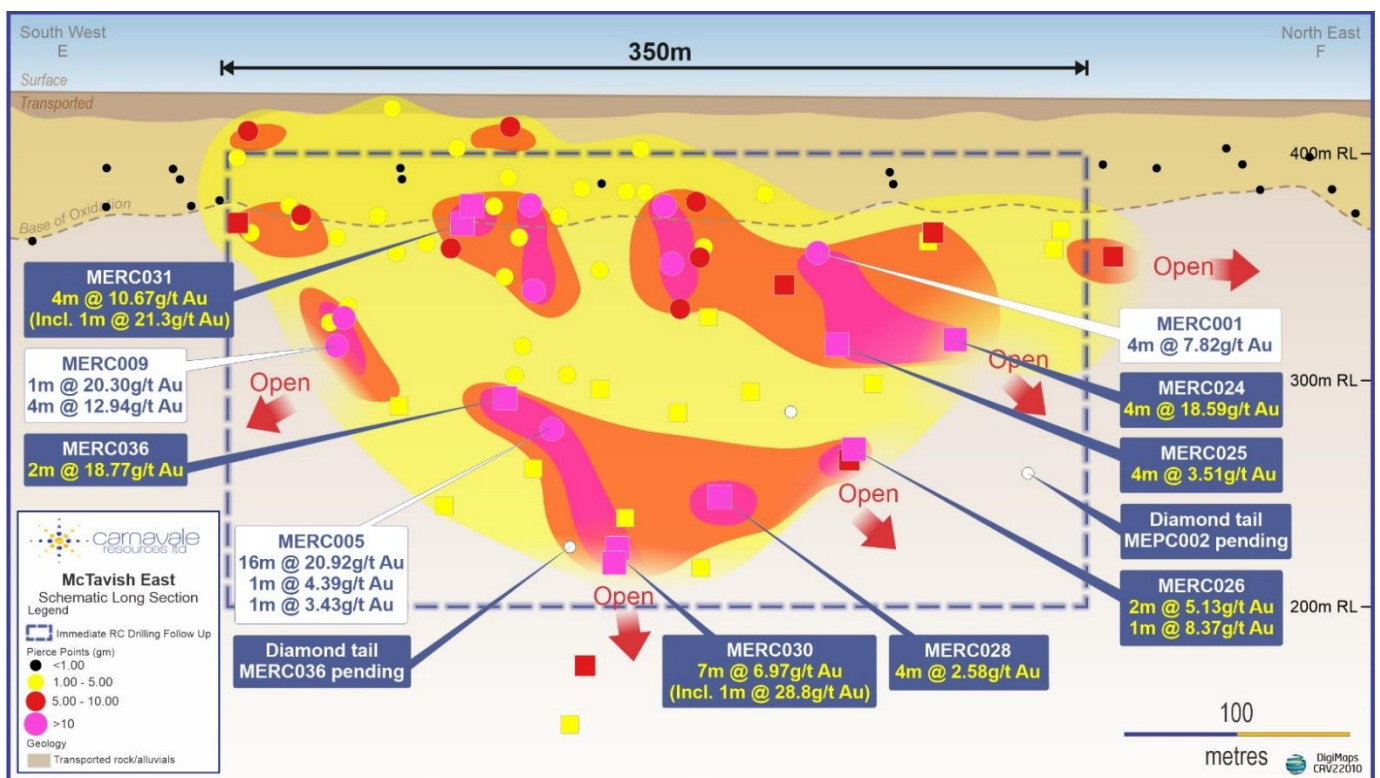
16 RC holes, 2 re-entries and 3 pre-collars were drilled into McTavish East in the most recent RC drilling campaign. The program has expanded the high-grade mineralisation within the large-scale mineralising structure that trends across the Kookynie tenement package to Champion South. The holes intersected the lode on 40m centres.

The high-grade mineralisation defined by the drilling is hosted within plunging shoots along the large-scale structure. This is shown on the contoured long section (figure 3). As a result of this recent drilling CAV has increased the mineralized zone by an **extra 100m** of strike to define an area of **350m by 200m** on the large-scale structure that remains open at depth.

High grade results from this program include:

- ✦ **4m @ 18.59g/t** from 122m in MERC024
- ✦ **7m @ 6.98g/t** from 225m in MERC030 (Including **1m @ 28.8g/t** from 225m\*)
- ✦ **2m @ 18.77g/t** from 168m in MERC036
- ✦ **4m @ 10.67g/t** from 55m in MERC031(Including **1m @ 21.3g/t** from 55m\*)
- ✦ **5m @ 3.85g/t** from 64m MERC0031
- ✦ **3m @ 5.11g/t** from 234m in MERC030

The **high-grade gold** mineralisation at **McTavish East** is characterised by the same quartz, carbonate, pyrite mineral assemblage as **McTavish North**. The distribution of the gold within the structure is nuggety as demonstrated on the long section (figure 3 and 4).



**Figure 3:** Long section through McTavish East latest RC drilling in blue callouts previous RC drilling in white callouts

## DIRECTORS' REPORT

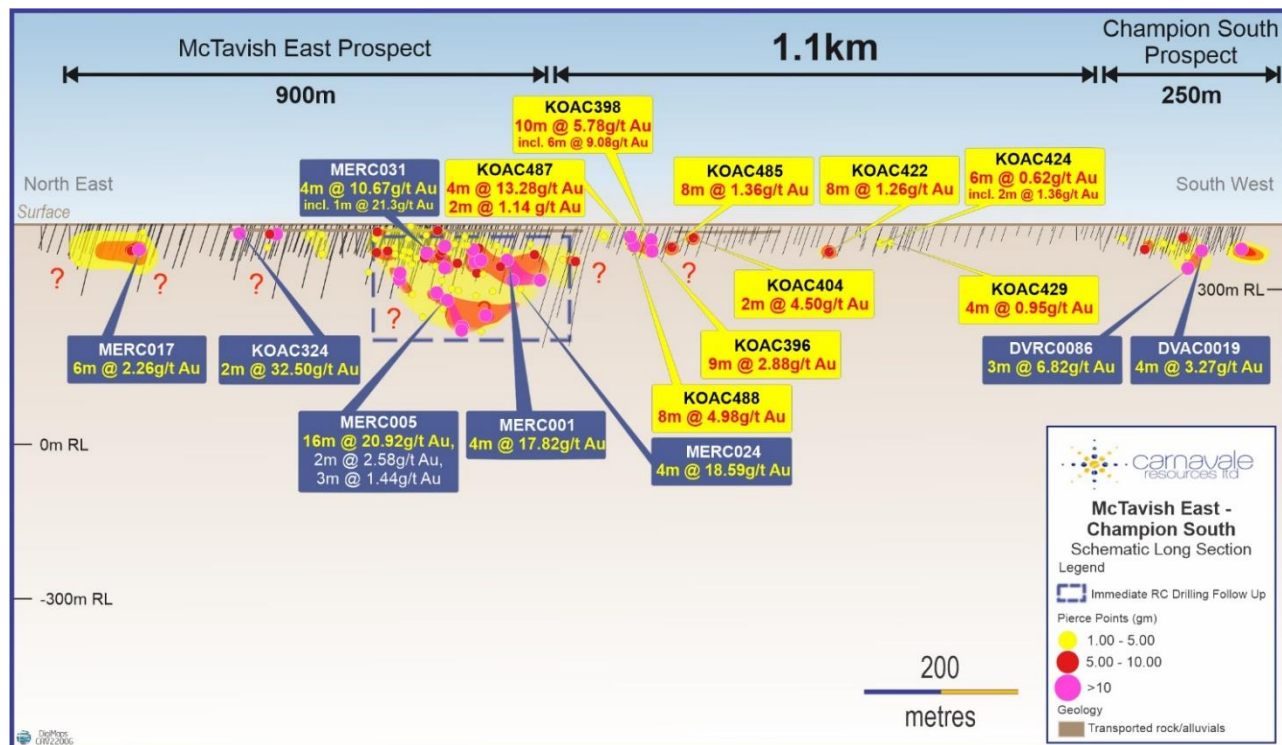
**Aircore program along prospective corridor**

CAV completed a fourth program of 104 aircore holes for 5,109m of drilling targeting the continuity of the gold anomalism identified by the earlier drilling along the **1.1km untested zone** section of the mineralised corridor that hosts the high-grade **McTavish East** prospect to the southwest and the **Champion South** project to the Northeast. A limited amount of previous aircore drilling had outlined a 0.1g/t gold anomaly hosted within the transported cover along this main structure. The aircore drilling program has extended the high-grade mineralised zone at **McTavish East** by 150m to **700m of strike**. A **new, zone** was identified under cover along **McTavish East** trend with **200m strike**.

Exciting new zones were discovered along high-grade corridor between **McTavish East** and **Champion South** in exploratory aircore (Figure 2). Aircore drilling identified additional shallow, high-grade gold mineralisation under cover along the extensive mineralised corridor. Significant intercepts include:

- ✦ **10m @ 5.78g/t** from 32m (inc. **6m @ 9.08g/t** and **2m @ 1.4g/t**) in KOAC398
- ✦ **4m @ 13.28g/t** from 24m and **2m @ 1.14g/t** from 32m in KOAC487
- ✦ **8m @ 4.98g/t** from 44m (inc. **6m @ 6.37g/t**) in KOAC488
- ✦ **9m @ 2.88g/t** from 54m in KOAC396 (**ends in mineralisation**)
- ✦ **10m @ 1.14g/t** from 48m (inc. **4m @ 1.41g/t** and **2m @ 2.06g/t**) in KOAC485
- ✦ **8m @ 1.26g/t** from 58m (inc. **4m @ 1.76g/t**) in KOAC 422
- ✦ **2m @ 4.50g/t** from 28m in KOAC404
- ✦ **2m @ 2.46g/t** from 22m in KOAC489
- ✦ **4m @ 0.95g/t** from 38m in KOAC429

It is anticipated that this newly discovered regolith mineralisation overlies significant high-grade gold mineralisation at depth that can expand the fresh rock opportunities at the **McTavish East** prospect.



**Figure 4:** Long section through McTavish East trend (Yellow callout recent aircore program blue callouts CAV RC drilling)

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

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In addition, a, new regolith anomaly has been discovered that strikes for over **200m** along the **McTavish East** trend and has the potential to host a repeat of the high-grade gold zone at the **McTavish East** prospect. (Figure 4)

The continued exploration success at Kookynie along the **2.5km McTavish East** trend opens up the opportunity to discover further repeats at **Champion South** and northeast of **Champion South** along this major structure.

### Diamond Drilling at McTavish East

CAV followed up the RC drilling at McTavish East with 3 diamond tails for 490m to test depth extensions of the mineralisation and provide detailed geological information, which is generally not available from RC drilling. The information gathered from the diamond drilling has provided important information on the orientation of the mineralizing structures and their interaction with the host geology in the local area at McTavish East as well as detail on the rock strength and density.

Significant intercepts include:

-  **0.7m @ 10.14g/t** from 265.7m (inc. **0.5m @ 13.35g/t**) in MEPC002
-  **1m @ 3.02g/t** from 140m in MEPC001
-  **2.0m @ 4.32g/t** from 217m (inc. **1m @ 8.33g/t**) in MEPC001
-  **1.7m @ 2.16g/t** from 270m in MEPC001
-  **1.8m @ 1.73g/t** from 235m (inc. **1m @ 2.89g/t**) in MERC036
-  **1m @ 1.94g/t** from 239m in MERC036
-  **4.2m @ 0.55g/t** from 243m (inc. **1m @ 1.59g/t**) in MERC036

The mineralised zone at **McTavish East** has been extended by 50m down dip on two sections by the diamond drilling. The **McTavish East** Prospect strikes over **700m** and has been defined to a depth of over **250m** vertically. The zone remains open at depth and along strike.



### McTavish North

#### Aircore at McTavish North

The gold anomalies to the north of Nex Metals Explorations Ltd (NME) and Metalicity Ltd (MCT)'s McTavish tenement (McTavish North) are characterised by a number of shallow old workings and pits. This was the focus of CAV's initial exploration at **McTavish North**.

The third aircore drilling program at the Kookynie Gold Project consisted of two lines of Aircore that were drilled to test the extents of mineralisation. The drilling intercepted high-grade shallow gold mineralisation in weathered rock. The strike length of identified mineralisation at **McTavish North** has been extended by 110m to **350m** and remains open to the North (Figure 2). This potential was tested by CAV with RC drilling.

Significant intercepts from the aircore include:

-  **8m @ 2.17g/t** from 38m (inc. **4m @ 3.78g/t**) in KOAC458
-  **6m @ 0.50g/t** from 46m in KOAC472.

#### RC at McTavish North

CAV drilled an initial 9 RC holes into the **McTavish North** prospect during the last RC drilling program. This represents the first RC drilling into the prospect by any Company. CAV previously identified a number of gold anomalies in the regolith with detailed aircore drilling. The high-grade gold anomalies were followed up with RC drilling in this campaign which has resulted in a shallow high-grade new fresh rock gold discovery with intersections including:



## DIRECTORS' REPORT

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✨ **11m @ 14.30g/t** from 51m in MNRC005 (Including **1m @ 43.3g/t** from 52m and **2m @ 44.17g/t** from 55m)

✨ **1m @ 9.03g/t** from 80m in MNRC004

✨ **1m @ 8.60g/t** from 107m in MNRC004

The high-grade intercept in MNRC005 is within a steeply dipping quartz vein 25m directly beneath the high-grade intercept in aircore hole KOAC356 of **2m @ 4.64g/t** in the regolith. The mineralisation in the regolith profile provided a vector to the newly discovered, shallow, high-grade gold mineralisation intersected by MNRC005 at depth.

### Exploration Strategy

CAV's planned work program at the Kookynie Gold Project includes:

- ✨ RC drilling testing at depth and along strike from the shallow high-grade gold mineralisation defined by the recent aircore drilling.
- ✨ Define resources and reserves providing an asset base to CAV; and
- ✨ Identify additional targets within the Kookynie tenement package.

### Ora Banda South Gold Project

During December 2022, CAV completed the first program of RC drilling at the Carnage Prospect following up on excellent high-grade gold results from CAV aircore drilling in the regolith.

Previous significant results from CAV aircore drilling at the Carnage Prospect include:

✨ **4m @ 30.20g/t** from 44m in OBAC413

✨ **7m @ 5.95g/t** from 80m in OBAC379 (*ends in mineralisation*)

✨ **8m @ 2.74g/t** from 48m in OBAC089

✨ **4m @ 2.69g/t** from 36m in OBAC306

✨ **12m @ 0.43g/t** from 44m in OBAC406

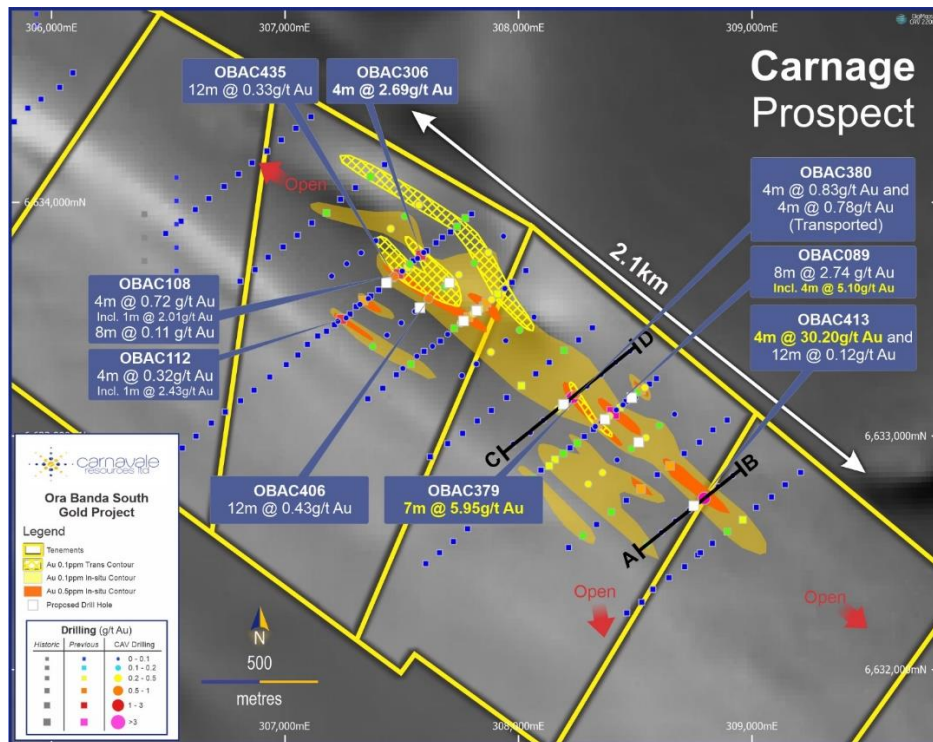
✨ **12m @ 0.33g/t** from 40m in OBAC435

- ✨ Completed 9 holes of **wide-spaced** RC drilling for 1,841m program targeting the **2.1km** strike extent.
- ✨ Favourable geology to host a significant gold deposit, with major shear structures crosscutting a sedimentary basin with an identified felsic intrusion that correlates to a substantial regolith gold anomaly identified by CAV in aircore.
- ✨ Prospective geochemistry in arsenic, tin, tungsten and bismuth that correlates with the best gold anomalism suggesting an intrusion related source for the gold system.
- ✨ The best gold anomalism identified in the saprock profile at the Carnage Prospect is overlain by a significant gold anomaly in the transported material, interpreted to be derived from the local, primary bedrock gold source.
- ✨ Analogous geological setting target to the +2.5Moz @ +4g/t Invincible Gold Mine, discovered by Gold Fields Limited near Kambalda in 2012.

Aircore drilling by CAV at the Ora Banda South Gold Project identified gold anomalies and structural targets under alluvial cover. The aircore drilling programs confirmed the prospectivity of the Carnage Shear along the **15km** long tenement package. Three new gold prospects were identified in CAV's earlier aircore drilling that contain high-grade gold intercepts (Figure 6). This first RC drilling program targeted the substantial anomaly at the Carnage Prospect.

DIRECTORS' REPORT

The initial RC drilling program at Ora Banda was drilled on a **wide spaced** 100m x 200m program targeting the central part of the Carnage Prospect gold anomaly.



**Figure 5:** Long section through McTavish East trend (Yellow callout recent aircore program blue callouts CAV RC drilling)

### Carnage Prospect

The Carnage Prospect has a confirmed gold anomaly that has a strike length of **2.1km long** within the Currawong sediment package along the Carnage shear, that is open to the northwest, south and southeast (Figure 5). The mineralisation at Carnage is interpreted to be orientated northwest along the Carnage Shear and is modified to have a more north-south trend by the geology. Both trends are evident within the interpreted gold contours and geochemistry.

The high-grade mineralisation of **4m @ 30.2g/t** in OBAC413 appears to be related to the sediment mafic boundary and it is interpreted that a gold bearing structure is present at this interface. This high-grade zone provides was tested by the recent by the RC program with assay results due in the first quarter 2023.

The high grade in OBAC379 ended in mineralisation with an intercept of **7m @ 5.95g/t**. This intercept is surrounded by strong gold anomalism both in the residual saprolite and the transported cover overlying and adjacent to it. This shallow bedrock gold mineralisation was tested by the recent RC drilling to unlock the potential fresh rock mineralisation at depth.

### Aircore at Highlander Prospect

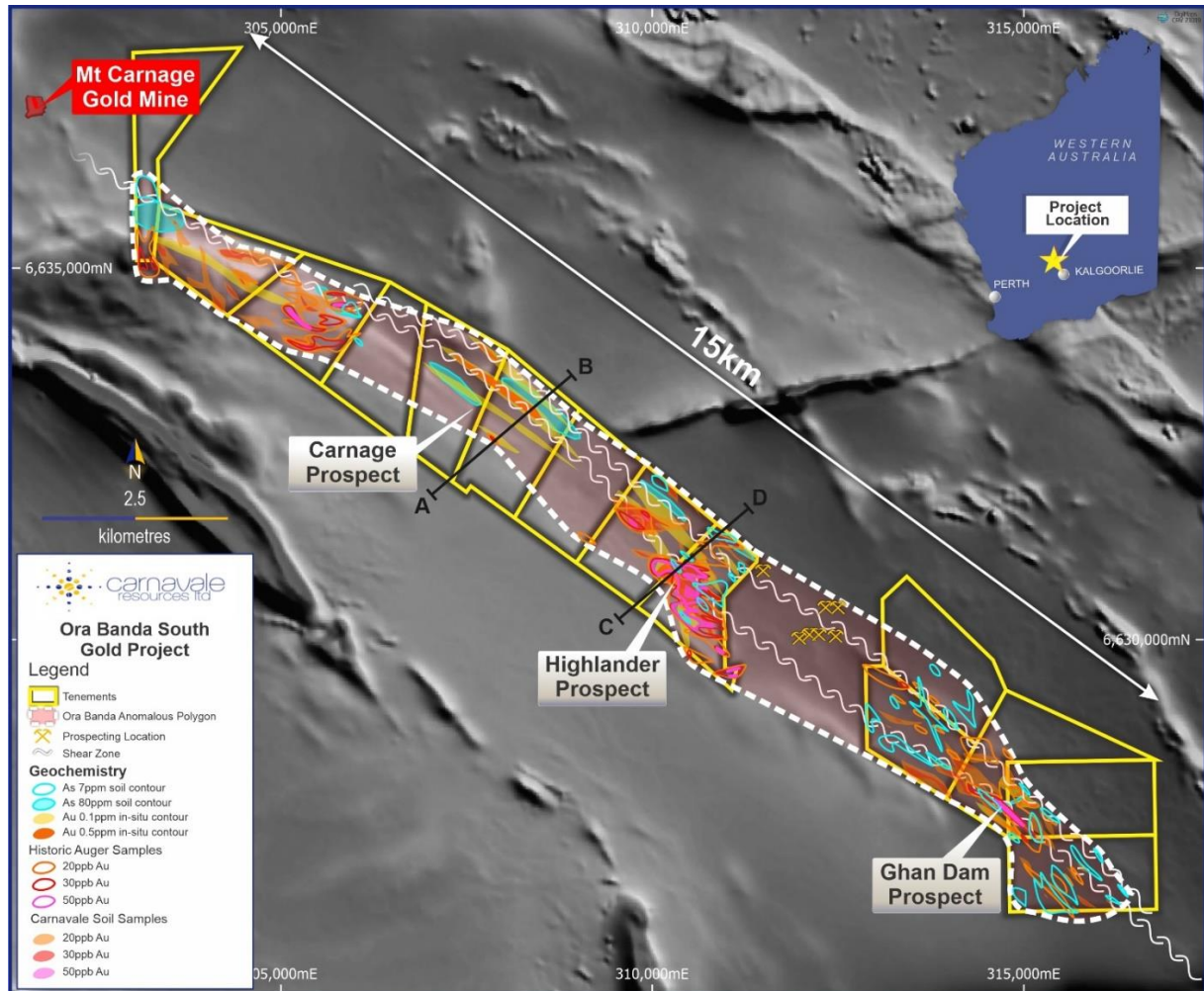
The geology of the **Highlander Prospect** (figure 6) is similar to the **Carnage Prospect** with sediments intersected by the Carnage shear and other associated fault structures. The depth of transported cover is not as extensive as at the Carnage Prospect, which is approximately 3km to the Northwest.

The **Highlander Prospect** has a blanket of anomalous gold and arsenic in the soil geochemistry that was the target for CAV's initial broad spaced aircore drilling which intersected high-grade gold mineralisation. The third aircore program

## DIRECTORS' REPORT

has infilled this anomaly in more detail and has outlined more than **1.1km** of strike extent which remains open to the northeast and could be linked to the Carnage prospect along the main shear which is evident in the magnetics.

Gold mineralisation at **Highlander** is associated with the same Carnage Shear and similar north-south modifying influences as are found at the **Carnage Prospect**. The supergene gold anomaly extends over **400m** in width and is made up of both, anomalous gold in the transported horizon and gold anomalism in the underlying residual saprolite. The gold anomalism in the transported appears to be related to the underlying gold anomalism in the saprolite.



**Figure 6:** Location map with geochemical contours over regional aero magnetics

### Next steps

CAV's proposed work program at the Ora Banda South Gold Project includes:

- ✦ Interpretation of the RC results, multi-element geochemistry and drainage anomalies to provide further understanding of the morphology of the mineralising systems.
- ✦ Identify additional targets within the Ora Banda South Gold Project tenement package.
- ✦ Evaluate new tenement opportunities adjacent to the project area.

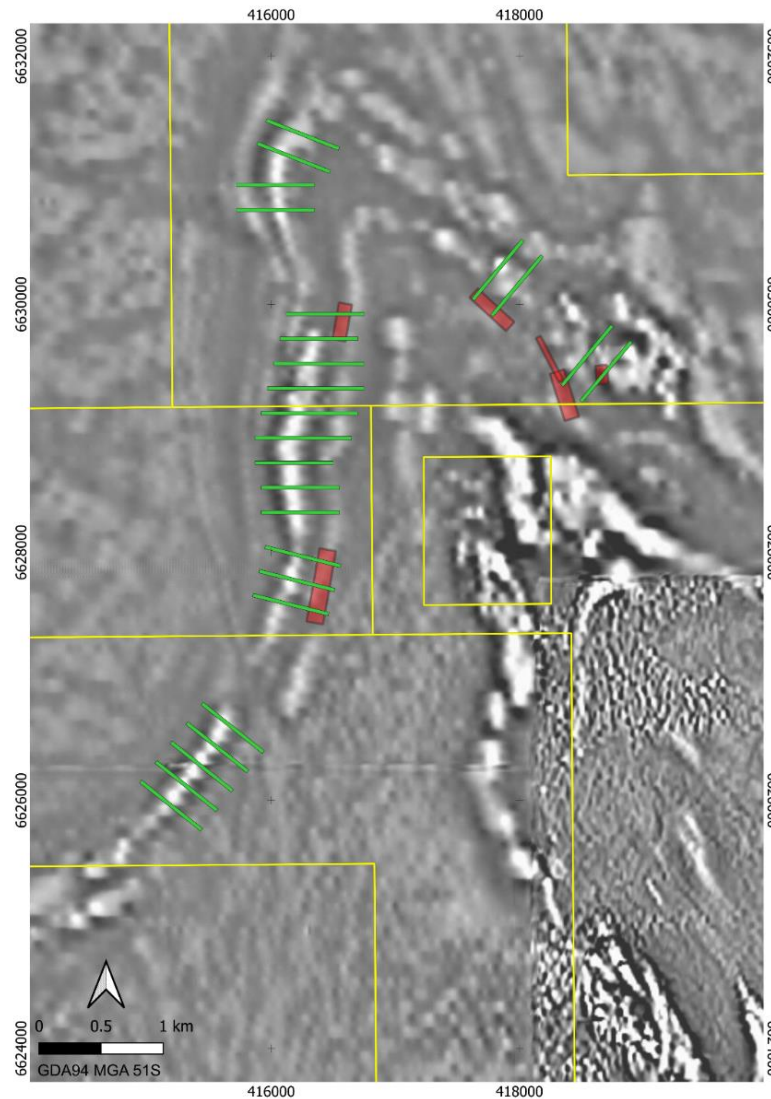


## DIRECTORS' REPORT

## Grey Dam Nickel Sulphide Project

Carnavale completed a ground based MLEM survey aiming to delineate direct drilling targets associated with 5 nickel / copper soil anomalies identified by the earlier UFF soil sampling program and one historic drillhole with anomalous nickel results.

The mafic / ultramafic sequence at **Grey Dam** is located immediately along strike and is the same geological sequence that hosts the new Kambalda style, nickel sulphide Emu Lake discovery recently reported by ARL. The new Emu Lake discovery demonstrates the nickel sulphide fertility of the mafic ultramafic sequence.



**Figure 7:** MLEM survey lines, preliminary model plates in red, and tenement boundaries all over a magnetic image (2vdagc)

These EM conductors line up with the interpreted mafic/ultramafic package and the contact with the sedimentary units. A number of the conductors identified in the MLEM survey are coincident with the soil anomalies identified by the UFF soil survey.

The tenor of the EM conductors is low and does not immediately suggest the presence of economic nickel sulphides, however, the depth of cover and the nature of the soil anomalies identified by the UFF soil sampling program need to be considered when evaluating the prospectivity of the new EM conductors.

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

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CAV has spent 3 years exploring the Grey Dam Project for nickel sulphides on ground held by CAV and tenements held under option. CAV has downgraded the potential for the discovery of economic nickel sulphides at the Grey Dam Project and has therefore resolved not to exercise the option to acquire an 80% interest in the tenements held by Mithril Resources Ltd. (E28/2567, E28/2682, E28/2760, and E28/2506) and also has resolved not to progress the option to acquire an 80% interest in E28/2587 from Simon Buswell-Smith.

### Barracuda PGE-Ni-Cu Project

CAV entered into an option agreement (Agreement) for the sale of its Barracuda PGE-Ni-Cu Project exploration license (E58/551), close to Mt Magnet in Western Australia, with Midas Resources Ltd (ASX MM1) (Midas) as part of its strategy of crystallizing value from its portfolio of non-core exploration assets.

Material Terms and Conditions of the Agreement are as follows:

- ✦ Midas paid \$20,000 for the initial 12-month option period.
- ✦ Midas will pay a further \$20,000 on the first and second anniversary, if it elects to extend the option term.
- ✦ Exercise of the option is conditional on completion of due diligence on E58/551 to the satisfaction of Midas and obtaining all other necessary third-party consents and approvals (including in relation to the existing royalty related to E58/551).
- ✦ Midas can exercise the option with payment of \$300,000, which Midas can elect to satisfy in Midas shares at a deemed issue price of the 5-trading day volume weighted average price of Midas shares immediately prior to the exercise of the option.
- ✦ Midas will pay a further \$500,000 on completing a JORC compliant mineral resource within the tenement area; and
- ✦ CAV will receive a 0.5% NSR and Midas will assume responsibility for an existing 0.5% NSR to third parties.

During the Option Term and in the event of exercise of the Option, then until Completion, Midas shall be solely responsible for:

- ✦ Maintaining the Tenements in good standing in accordance with all applicable laws including meeting the Minimum Statutory Expenditure requirements. Midas must contribute the Minimum Expenditure regardless of whether or not it exercises the Option; and
- ✦ all rehabilitation of the Tenements including all costs relating to rehabilitation of the tenement. If Midas does not exercise the Option, Midas will only be responsible for rehabilitation of work carried out by Midas on the tenement during the Option Term.

### CORPORATE

During the period, the Company elected to exercise its Option pursuant to the agreement to acquire 80% of the Ora Banda Gold Project from Western Resources Pty Ltd (refer ASX release dated 5 October 2020). Upon exercise of the Option, Carnavale paid \$150,000 cash and issued 15 million ordinary shares to Western Resources Pty Ltd. Western Resources Pty Ltd is free carried until completion of a Bankable Feasibility Study.



# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

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### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



R Gajewski  
Chairman  
Perth

Dated this 13<sup>th</sup> day of March 2023

### Competent Person's Statement

The information in this report that relates to Exploration Results is based on, and fairly represents, information compiled by Mr Humphrey Hale, who is a Member of the Australasian Institute of Geoscientists. Mr Hale is the Chief Executive Officer of Carnavale Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Mr Hale consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.

References may have been made in this announcement to certain past ASX announcements, including references regarding exploration results. For full details, refer to the referenced ASX announcement on the said date. The Company confirms that it is not aware of any new information or data that materially affects the information included in these earlier market announcements.

### Information relating to Previous Disclosure

The technical and financial information in this report that relates to the Grey Dam Project has been previously reported by the Company in compliance with JORC 2012 in various releases between 19 March 2018 and 10 August 2022. The technical and financial information in this report that relates to the Kookynie Gold Project has been previously reported by the Company in compliance with JORC 2012 in various releases between 4 August 2020 and 18 October 2022. The technical and financial information in this report that relates to the Ora Banda South Gold Project has been previously reported by the Company in compliance with JORC 2012 in various releases between 5 October 2020 and 6 December 2022. The technical and financial information in this report that relates to the Barracuda PGE-Ni-Cu Project has been previously reported by the Company in compliance with JORC 2012 in various releases between 11 March 2021 and 23 August 2022.

The Company confirms that it is not aware of any new information or data that materially affects the information included in these earlier market announcements. 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 announcements.

Statements regarding Carnavale Resources plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Carnavale Resources plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Carnavale Resources will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Carnavale Resources mineral properties.

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Carnavale Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
13 March 2023



**M R Ohm**  
Partner

**hlb.com.au**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	Note	Consolidated 6 Months Ended 31 December 2022 \$	Consolidated 6 Months Ended 31 December 2021 \$
<b>REVENUE</b>			
Interest income	2	18,379	1,126
Other income – option fee received	2	20,000	-
		<u>38,379</u>	<u>1,126</u>
<b>EXPENSES</b>			
Administrative expenses		(308,555)	(307,988)
Depreciation		(312)	(157)
Exploration expenditure impaired / written off	3	(19,781)	(2,859)
Foreign exchange gain		296	521
		<u>(289,973)</u>	<u>(309,357)</u>
<b>Loss before income tax</b>		(289,973)	(309,357)
Income tax expense		-	-
		<u>(289,973)</u>	<u>(309,357)</u>
<b>Net loss for the period</b>		(289,973)	(309,357)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		-	-
		<u>-</u>	<u>-</u>
<b>Other comprehensive loss for the period</b>		-	-
		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the period</b>		<u>(289,973)</u>	<u>(309,357)</u>
Basic and diluted loss per share (cents per share)		(0.01)	(0.01)

The accompanying notes form part of these financial statements.

**CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2022

	Note	Consolidated 31 December 2022 \$	Consolidated 30 June 2022 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,546,627	3,246,725
Receivables		62,427	190,259
Other assets		9,175	21,686
<b>Total Current Assets</b>		1,618,229	3,458,670
<b>Non-Current Assets</b>			
Plant and Equipment		767	1,079
Exploration and evaluation expenditure	3	7,455,200	6,012,377
Other assets		20,000	20,000
<b>Total Non-Current Assets</b>		7,475,967	6,033,456
<b>Total Assets</b>		9,094,196	9,492,126
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		330,729	527,022
<b>Total Current Liabilities</b>		330,729	527,022
<b>Total Liabilities</b>		330,729	527,022
<b>Net Assets</b>		8,763,467	8,965,104
<b>Equity</b>			
Issued capital	4	39,660,291	39,571,955
Reserves	5	3,019,733	3,019,733
Accumulated losses		(33,916,557)	(33,626,584)
<b>Total Equity</b>		8,763,467	8,965,104

The accompanying notes form part of these financial statements.

**CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the half-year ended 31 December 2022

<b>Consolidated</b>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2021</b>	36,484,552	(32,213,966)	2,583,326	6,853,912
Loss attributable to members of the parent entity	-	(309,357)	-	(309,357)
<b>Total comprehensive loss for the period</b>	-	(309,357)	-	(309,357)
Shares issued during the year (net)	365,360	-	-	365,360
<b>Balance at 31 December 2021</b>	36,849,912	(32,523,323)	2,583,326	6,909,915

<b>Consolidated</b>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2022</b>	39,571,955	(33,626,584)	3,019,733	8,965,104
Loss attributable to members of the parent entity	-	(289,973)	-	(289,973)
<b>Total comprehensive loss for the period</b>	-	(289,973)	-	(289,973)
Shares issued during the year (net)	88,336	-	-	88,336
<b>Balance at 31 December 2022</b>	39,660,291	(33,916,557)	3,019,733	8,763,467

The accompanying notes form part of these financial statements.



# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2022

	Consolidated 6 Months Ended 31 December 2022 \$	Consolidated 6 Months Ended 31 December 2021 \$
<b>Cash flows from operating activities</b>		
Cash payments in the course of operations	(330,120)	(292,709)
Interest received	18,379	1,501
Other income – R & D refund	76,114	35,847
Other income – Option fee received	20,000	-
<b>Net cash used in operating activities</b>	<b>(215,627)</b>	<b>(255,361)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	(1,545)
Payments for exploration and evaluation expenditure	(1,309,103)	(927,852)
Payments for acquisition of exploration properties – including GST	(174,000)	(278,930)
<b>Net cash used in investing activities</b>	<b>(1,483,103)</b>	<b>(1,208,327)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
Issue costs	(1,664)	(2,723)
<b>Net cash used in financing activities</b>	<b>(1,664)</b>	<b>(2,723)</b>
<b>Net decrease in cash held</b>	<b>(1,700,394)</b>	<b>(1,466,411)</b>
Cash at the beginning of the reporting period	3,246,725	3,529,684
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	296	525
<b>Cash at the end of the reporting period</b>	<b>1,546,627</b>	<b>2,063,798</b>

The accompanying notes form part of these financial statements.

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

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### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The interim consolidated financial statements were authorised for issue on 13 March 2023.

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Carnavale Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is a for-profit entity domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

#### Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2022.

#### Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Going Concern

The interim consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Group's assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the period after tax of \$289,973 (2021: \$309,357) and experienced net operating and investing cash outflows of \$1,698,730. As at 31 December 2022, the Group has net current assets of \$1,287,500.

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### Going Concern - continued

The Directors consider that additional funding will be required to enable the Group to continue as a going concern for a period of at least twelve months from the date of signing this financial report. Such additional funding is potentially available from a number of sources including further capital raisings.

However, should these funding initiatives be unsuccessful, there exists a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe the Group will obtain sufficient funding from one or more of the funding opportunities detailed above to enable it to continue as a going concern and therefore that it is appropriate to prepare the financial statements on a going concern basis.

#### Adoption of new and revised Standards

##### *Standards and Interpretations applicable to 31 December 2022*

In the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2022. There is no material impact of the new and revised Standards and Interpretations on the Group.

##### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations on issue not yet adopted that are relevant to the Group and effective for the period ended 31 December 2022.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to Group accounting policies.

### 2. LOSS BEFORE INCOME TAX EXPENSE

	<b>Consolidated 31 December 2022 \$</b>	<b>Consolidated 31 December 2021 \$</b>
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Revenue		
Interest received	18,379	1,126
Other income – option fee received	20,000	-
Total	<u>38,379</u>	<u>1,126</u>
Expenses		
Depreciation	(312)	(157)

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

### 3. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2022 (6 months) \$	Consolidated 30 June 2022 (12 months) \$
Costs carried forward in respect of areas of interest in the following phases:		
<b>Exploration and evaluation phase – at cost</b>		
Balance at 1 July	6,012,377	3,463,595
Acquisition costs – exploration licences	240,000	647,012
Exploration expenditure incurred	1,222,604	2,608,927
Exploration expenditure impaired / written off	(19,781)	(707,157)
Balance at end of period	7,455,200	6,012,377

The impairment of exploration expenditure in both periods relates to carried forward expenditure in respect of relinquished tenements or where the Directors have formed the view that successful development of the projects is not likely based on results achieved to date. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

### 4. ISSUED CAPITAL

	Consolidated 31 December 2022 \$	Consolidated 30 June 2022 \$
<b>(a) Issued and paid-up share capital</b>		
2,733,551,728 (30 June 2022: 2,718,551,728) ordinary shares, fully paid	39,660,291	39,571,955
<i>Movements in Ordinary Shares:</i>		
	\$	\$
Balance at the beginning of the period	39,571,955	36,484,552
Shares issued in October 2022 for the acquisition of 80% of the Ora Banda Gold Project - 15 million shares	90,000	-
Shares issued during the period on exercise of options – 48,321,429 shares	-	483,214
Shares issued in July 2021 for the acquisition of 80% of the Kookynie Gold Project - 50 million shares	-	368,082
Shares issued in a share placement in February and April 2022 – 239,999,996 shares	-	2,640,000
Transaction costs arising from issue of securities	(1,664)	(403,893)
Balance at the end of the period	39,660,291	39,571,955

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

### 4. ISSUED CAPITAL (continued)

#### (b) Share options

Exercise Period	Exercise Price	Opening Balance 1 July 2022 Number	Options Issued Number	Options Exercised/ Expired Number	Closing Balance 31 December 2022 Number
On or before 31 July 2022	\$0.01	15,000,000	-	(15,000,000)	-
On or before 31 July 2022	\$0.015	15,000,000	-	(15,000,000)	-
On or before 31 July 2022	\$0.01	150,678,571	-	(150,678,571)	-
On or before 30 November 2022	\$0.012	7,000,000	-	(7,000,000)	-
On or before 30 November 2023	\$0.012	70,000,000	-	-	70,000,000
On or before 31 July 2023	\$0.016	188,999,998	-	-	188,999,998
<b>Total</b>		<b>446,678,569</b>	<b>-</b>	<b>(187,678,571)</b>	<b>258,999,998</b>

### 5. OPTION PREMIUM AND SHARE-BASED PAYMENTS RESERVE

The option premium and share-based payments reserve represents amounts received in consideration for the issue of options to subscribe for ordinary shares in the Company and the value of options and performance rights issued to parties for services rendered.

	Consolidated 31 December 2022 \$	Consolidated 30 June 2022 \$
Share-based payments reserve	3,019,733	3,019,733
<i>Movements in share-based payments reserve</i>		
Opening balance	3,019,733	2,583,326
Fair value of options subscribed for by Lead Manager	-	247,245
Fair value of options issued to company secretary and technical consultants	-	189,162
Balance at the end of the period	3,019,733	3,019,733

### 6. COMMITMENTS AND CONTINGENT LIABILITIES

There has been no change in the commitments and contingent liabilities since the last annual reporting date other than the following:

- CAV resolved not to exercise the option to acquire an 80% interest in the tenements held by Mithril Resources Ltd. (E28/2567, E28/2682, E28/2760, and E28/2506) and not to progress the option to acquire an 80% interest in E28/2587 from Simon Buswell-Smith. As a consequence, all commitments and contingent liabilities associated with the tenements will not be incurred.



# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2022

### 7. EVENTS OCCURRING SUBSEQUENT TO BALANCE DATE

No other matters or circumstances have arisen since 31 December 2022 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

### 8. SEGMENT REPORTING

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that, during the period, Carnavale operated in the mineral exploration industry and conducted investing activities in Australia.

	Investing	Mineral Exploration	Eliminations	Consolidated
31 December 2022	\$	\$	\$	\$
<b>Business segments</b>				
<b>Revenue</b>				
Other external revenue	18,379	20,000	-	38,379
Total segment revenue	18,379	20,000	-	38,379
<b>Results</b>				
Operating loss before income tax	(270,414)	(19,855)	296	(289,973)
Income tax expense				-
Net loss				(289,973)

#### 31 December 2022

##### Assets

Segment assets	1,637,121	7,457,075	-	9,094,196
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##### Liabilities

Segment liabilities	79,247	251,482	-	330,729
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	Investing	Mineral Exploration	Eliminations	Consolidated
31 December 2021	\$	\$	\$	\$
<b>Business segments</b>				
<b>Revenue</b>				
Other external revenue	1,126	-	-	1,126
Total segment revenue	1,126	-	-	1,126
<b>Results</b>				
Operating loss before income tax	(299,110)	(10,768)	521	(309,357)
Income tax expense				-
Net loss				(309,357)

#### 31 December 2021

##### Assets

Segment assets	2,144,950	5,066,271	-	7,211,221
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##### Liabilities

Segment liabilities	59,523	241,783	-	301,306
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### 9. FINANCIAL INSTRUMENTS

The method and valuation techniques used for the purpose of measuring values are unchanged compared to the previous reporting period.

The carrying amount of the current receivables and current payables are considered to be a reasonable approximation of their fair value.

# CARNAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' DECLARATION

31 December 2022

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In the opinion of the directors:

- (a) the financial statements and notes of the Group, as set out on pages 15 to 23, are in accordance with the Corporations Act 2001 including:
  - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



R Gajewski  
Chairman

Dated at Perth this 13<sup>th</sup> day of March 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Carnavale Resources Limited

**Report on the Condensed Half-Year Financial Report***Conclusion*

We have reviewed the accompanying half-year financial report of Carnavale Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carnavale Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Material uncertainty related to going concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

*Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to

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enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**13 March 2023**



**M R Ohm**  
**Partner**