



carnavale
resources ltd

ABN 49 119 450 243

AND CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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**CARNAVALE RESOURCES LIMITED
CORPORATE DIRECTORY**

DIRECTORS

Ron Gajewski
Andrew Beckwith
Rhett Brans

CHIEF EXECUTIVE OFFICER

Humphrey Hale

COMPANY SECRETARY

Paul Jurman

**PRINCIPAL AND REGISTERED
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Perth WA 6000

SHARE REGISTRY

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Perth WA 6000

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SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park
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Perth WA 6000

ASX CODE

CAV

CARNAVALE RESOURCES LIMITED

REVIEW OF OPERATIONS

Introduction

Carnavale Resources Limited (“Carnavale” or “Company”) is currently focused on its gold projects in Western Australia. Having completed a \$3.1 million capital raising after year end, Carnavale’s primary goal is to explore and discover high-grade, truckable resources, of a similar size to the historic Cosmopolitan Mine that can be processed at an existing third-party nearby processing plant. The **McTavish East Prospect** is located 15km from Genesis Minerals Ltd’s Ulysses Project and 63 km from Genesis’ newly acquired processing plant at Leonora. The Company continues to evaluate 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.

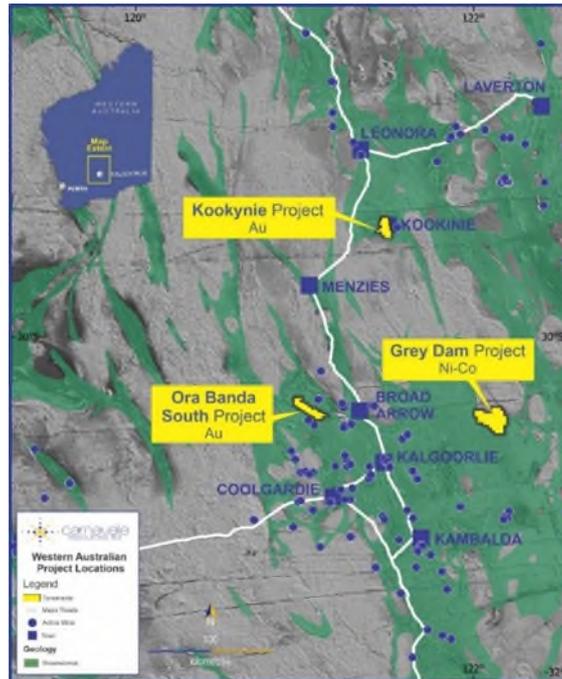


Figure 1: Carnavale tenement holding with historic deposits.

At the **Kookynie Gold Project** results were received in July 2022 from the second program of RC drilling (5,210m) that discovered a new high-grade gold zone at **McTavish North** in fresh rock. This RC 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 in September 2022 from the fourth 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 in October 2022 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. A third program of RC drilling was completed in May 2023 at **McTavish East** for 10 holes and 1,550m with results received in July 2023 containing the best results at the Kookynie project to date.

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 Carnegie 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)

**CARNAVALE RESOURCES LIMITED
REVIEW OF OPERATIONS**

Kookynie Gold Project

Carnavale identified the Kookynie-Leonora region as highly prospective with known past and current high-grade gold mines, yet significant areas, mostly undercover, remained under-explored by modern methods. Extensive historic gold mining occurred between 1895 and 1922 throughout the Kookynie area, including the Cosmopolitan mine, the largest gold producer where historic high-grade gold production amounted to more than 331,000 ounces of gold¹ at 15g/t.

Ref. ¹ The Mining Handbook Geol. Surv. Memoir No 1. Chapter2, Economic Geology, Part3, Section1, 1919, Englishman/Cosmopolitan Mine production records listed on Minedex (<https://minedex.dmirs.wa.gov.au/>).

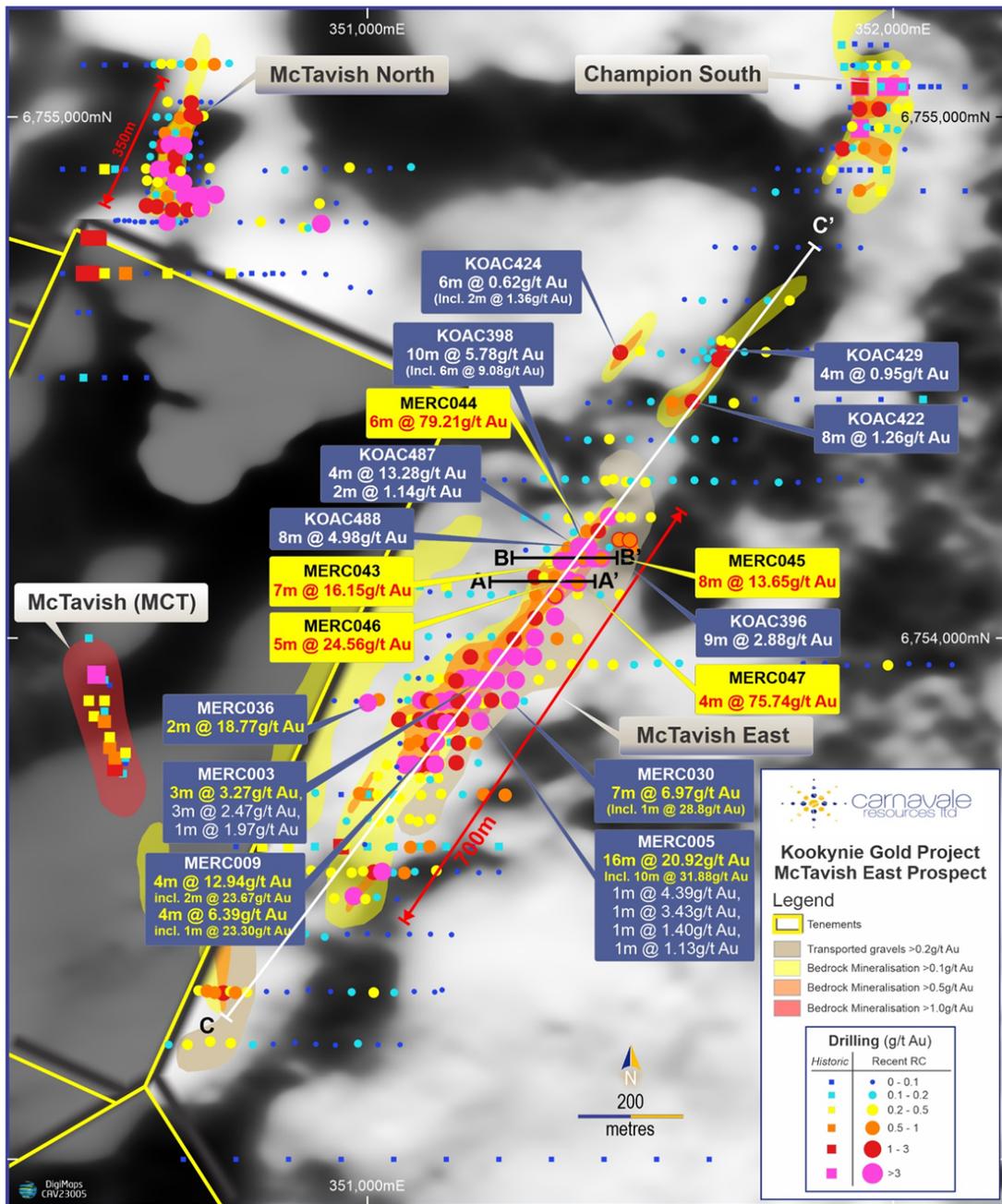


Figure 2: Plan showing McTavish North, McTavish East and Champion South with prospective corridor

Since 2021, the prospective **McTavish East Prospect** trend has been defined over approximately 2km by aircore and RC drilling. The **McTavish North Prospect** has been expanded by aircore drilling and confirmed by one round of RC drilling.

CARNAVALE RESOURCES LIMITED

REVIEW OF OPERATIONS

McTavish East

During the period the Company received results for two RC drilling programs, a diamond drilling program and a fourth aircore program, targeting new mineralisation along the main mineralising structure between **McTavish East** and **Champion South**.

The first RC and Diamond drilling program expanded the high-grade gold mineralisation within the large-scale mineralising structure that trends across the Kookynie tenement package to Champion South.

The high-grade gold mineralisation is hosted within southerly plunging shoots along this large-scale NE-SA striking structure. This is shown on the contoured long section (figure 3). As a result of detailed RC drilling CAV increased the scale of the mineralized zone at **McTavish East** by defining an area striking **700m by 200m** down dip on the large-scale structure that remains open at depth.

High grade results from the second RC program at **McTavish East** included:

- 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

Aircore program along prospective corridor

CAV completed a fourth program of 104 aircore holes for 5,109m of drilling, with results reported in September 2022, targeting the continuity of the gold anomalism identified by the earlier drilling along the untested 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. This program extended the high-grade mineralised zone in the regolith at **McTavish East** by 150m to **700m of strike**. A **new, high grade gold zone** was identified under cover in the regolith along the **McTavish East** trend with 150m of strike.

In addition, this aircore drilling identified additional shallow, high-grade gold mineralisation under cover further to the NE along the extensive mineralised corridor. Significant intercepts included:

- 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**)

The third RC program targeted new high-grade mineralisation in the fresh rock beneath the strong mineralisation discovered in the aircore program detailed above. 9 out of 10 RC holes recorded bonanza high grade gold mineralisation that included:

- 6m @ **79.21g/t** Au from 97m in MERC044 (inc. **3m @ 152g/t ***)
- 4m @ **75.74g/t** Au from 114m in MERC047 (inc. **3m @ 100.25g/t***)
- 8m @ **13.65g/t** Au from 116m in MERC045 (inc. **1m @ 25.9g/t** and **3m @ 24.5g/t***)
- 5m @ **24.56g/t** Au from 79m in MERC046 (inc. **3m @ 39.43g/t***)
- 7m @ **16.15g/t** Au from 67m in MERC043 (inc. **1m @ 83.2g/t** and **1m @ 15.15g/t***)

**Intercepts are calculated with a lower Au cut-off of 0.5g/t with no included waste, inclusions are calculated with lower Au cut-off of 10g/t with no included waste.*

**CARNAVALE RESOURCES LIMITED
REVIEW OF OPERATIONS**

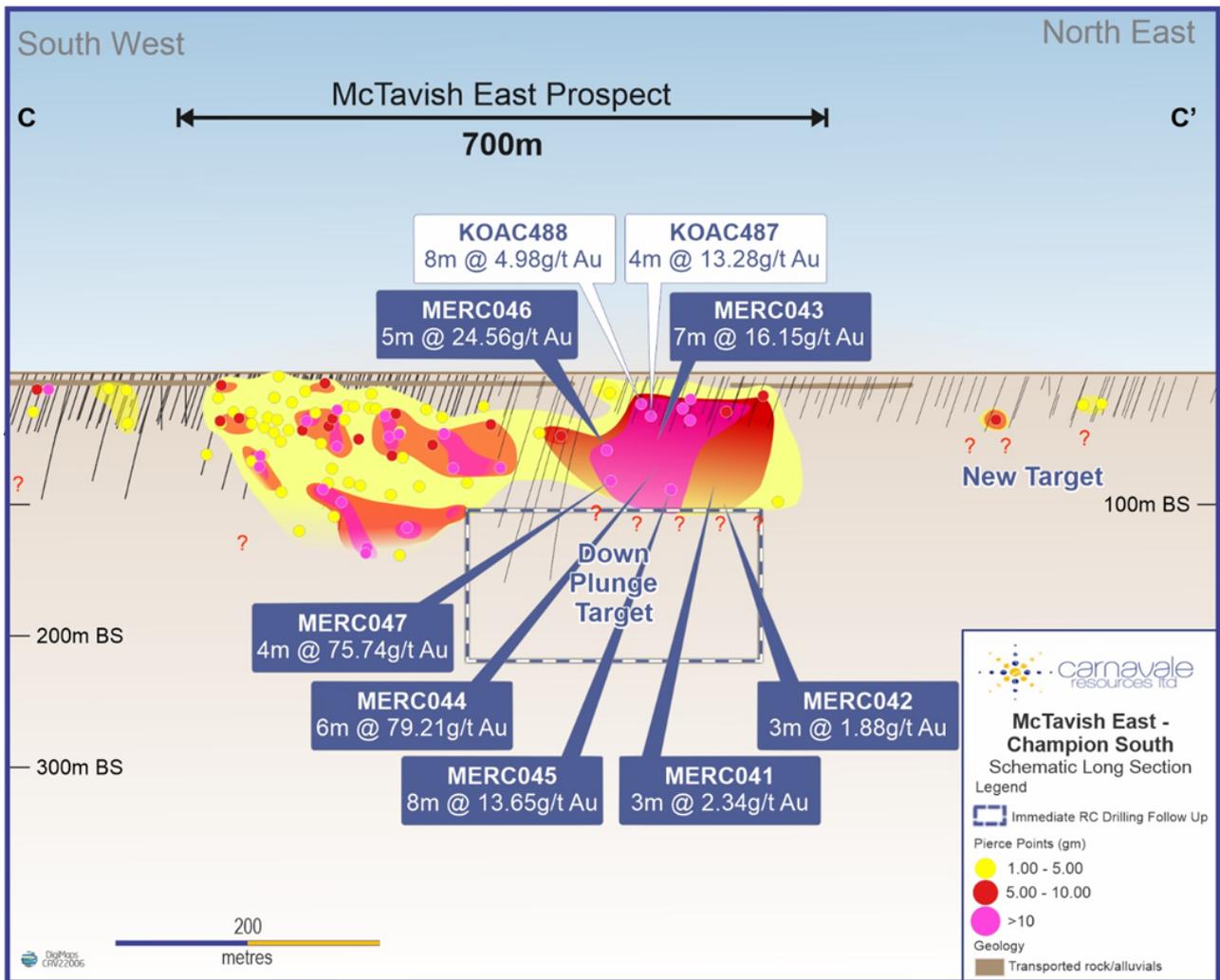


Figure 3: Long section through McTavish East latest RC drilling in blue callouts

The tenor of the mineralisation intersected from the third round of RC drilling is the strongest encountered to date at **McTavish East**. CAV is very encouraged by these results, as there are further aircore anomalies concealed undercover along the main 2km long mineralising structure that trends to the **Champion South** prospect (Figure 2). Additional modest gold anomalies occur elsewhere within the tenement package that also require follow-up.

Diamond Drilling at McTavish East

During the period, CAV completed 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.

CARNAVALE RESOURCES LIMITED

REVIEW OF OPERATIONS

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** is **350m** and remains open to the North (Figure 2).

RC at McTavish North

CAV drilled an initial 9 RC holes into the **McTavish North** prospect during the second RC drilling program at the Kookynie Gold Project. This represents the first RC drilling into the **McTavish North** prospect by any Company which has resulted in a new, shallow, high-grade, fresh rock, gold discovery with intersections including:

-  **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 in fresh rock by MNRC005 at depth.

Exploration Strategy

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

-  RC drilling testing the high-grade plunging shoots defined by the latest RC program on a 20m x 20m pattern at McTavish East.
-  Drill test the down plunge extensions of the high grade shoots below 200m vertically chasing high-grade tonnes at McTavish East.
-  The Company plans to define high-grade, truckable resources that can be delivered to nearby processing plants providing an asset base to CAV at McTavish East and North; and
-  Identify additional targets within the Kookynie tenement package.

CARNAVALE RESOURCES LIMITED REVIEW OF OPERATIONS

Ora Banda South Gold Project (OBSP)

In February 2023 CAV announced results of the first program of reconnaissance RC drilling at the Carnage Prospect following up on excellent high-grade gold results from aircore drilling in the regolith.

The Company completed 9 holes of **wide-spaced** RC drilling for 1,841m program targeting the extensive **2.1km** strike extent of the Carnage Prospect. Significant results included:

-  **1m @ 9.49g/t** from 137m in OBRC007
-  **3m @ 0.45g/t** from 72m in OBRC004
-  **2m @ 0.65g/t** from 49m in OBRC007
-  **5m @ 0.26g/t** from 69m in OBRC002
-  **8m @ 0.15g/t** from 63m in OBRC007

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

The drilling confirmed extensive gold anomalism in the saprock profile at the Carnage Prospect with high-grade intersection in fresh rock and has determined that the Carnage prospect has favourable geology with the potential to host a significant gold deposit, with major shear structures crosscutting a sedimentary basin with a substantial regolith gold anomaly identified by CAV in aircore over many kilometres.

The geochemistry at the Carnage prospect was prospective in arsenic, tin, tungsten and bismuth that correlates with the best gold anomalism suggesting an intrusion related source for the gold system.

CAV is confident that RC drilling at the Carnage prospect has confirmed gold anomalies and structural targets under alluvial cover first identified by CAV aircore drilling. The tenement package is prospective along the **15km** (Figure 6).

The RC drilling program at the Carnage prospect consisted of a **wide spaced** 100m x 200m program targeting the central **1.4km** section of the Carnage Prospect gold anomaly. The program confirmed the scale of the broad gold anomaly in the regolith and intersected high-grade gold in the fresh rock with **1m @ 9.49g/t** (Figure 4) from 137m in hole OBRC007. This intercept provides evidence of high-grade gold in fresh rock and the potential for a larger gold system in the fresh rock that could account for the large scale 1.4km gold anomaly. Further drilling is required to determine the fresh rock source of the substantial regolith anomalies.

The geology at Carnage is dominated by the Carnage Shear passing through a sedimentary host package. The sediments are disrupted by intrusive rocks that provide the potential to influence the location of dilatory zones, favourable for gold deposition in the fresh rock. The high-grade gold intersected in OBRC 007 is associated with quartz veining and an alteration assemblage typical of the goldfields including quartz, carbonate, and sericite alteration with minor pyrite adjacent to a mafic intrusive. CAV is reviewing the geochemistry with the structural information and geology to plan further exploration at Carnage to discover the source of the substantial gold anomalism.

**CARNAVALE RESOURCES LIMITED
REVIEW OF OPERATIONS**

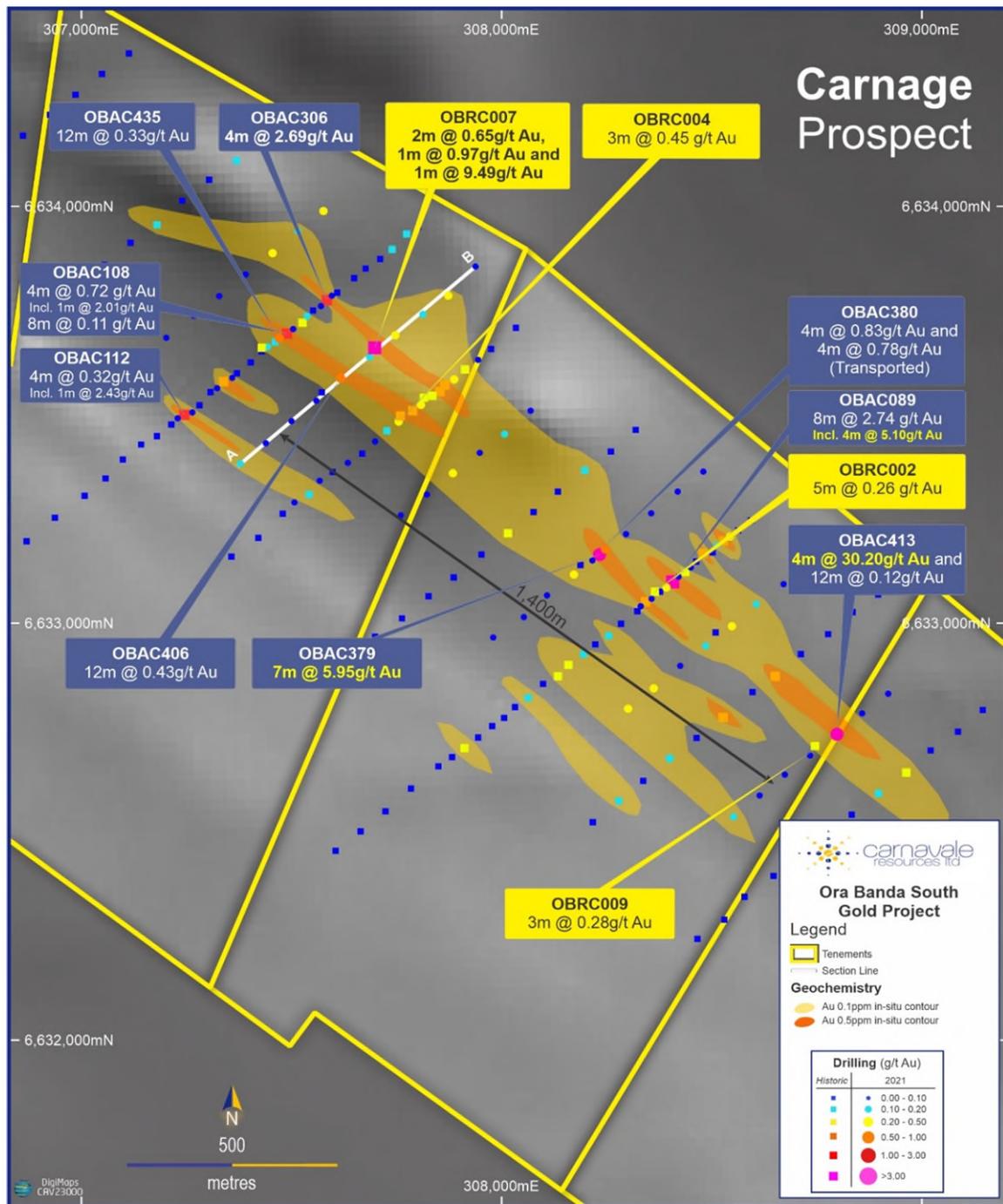


Figure 4: Plan of The Carnage Prospect at the Ora Banda South Gold Project with CAV drilling and selected significant CAV RC drilling in yellow callouts.

The exploration aim at Ora Banda is to discover a large-scale gold deposit within the sedimentary package on the Carnage shear analogous to the St Ives Discovery. The first round of reconnaissance RC drilling has intersected high grade gold in fresh rock. This suggests that there may be a larger fresh rock gold system that is responsible for the extensive, kilometre scale, regolith gold anomaly at the Carnage prospect.

CARNAVALE RESOURCES LIMITED REVIEW OF OPERATIONS

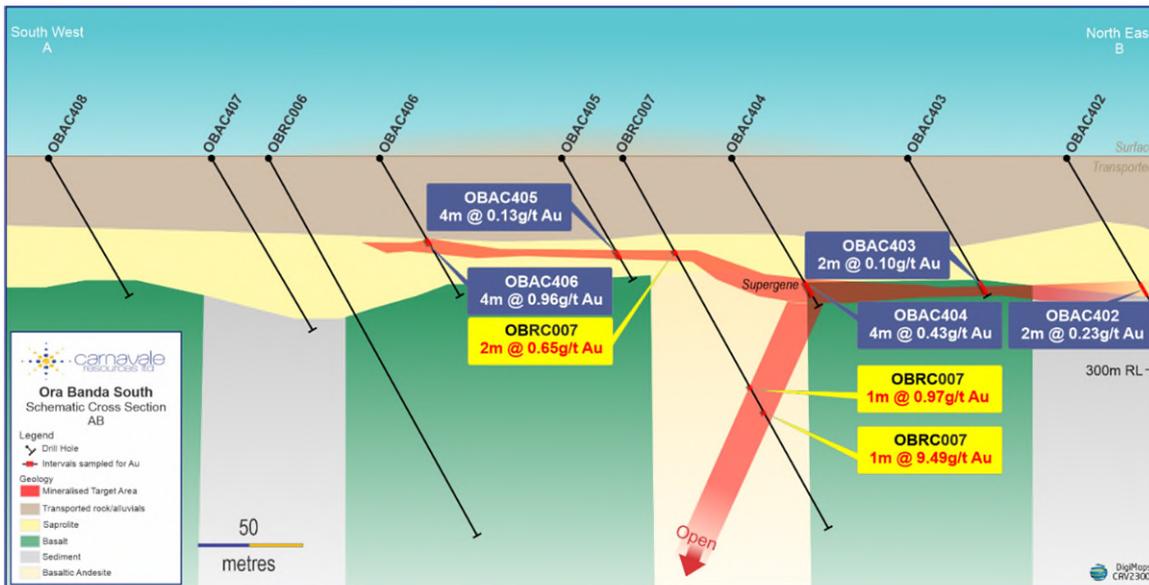


Figure 5: Section A' B' across the Carnage Prospect showing the relationship of the high grade gold in fresh rock to the broad regolith gold anomaly.

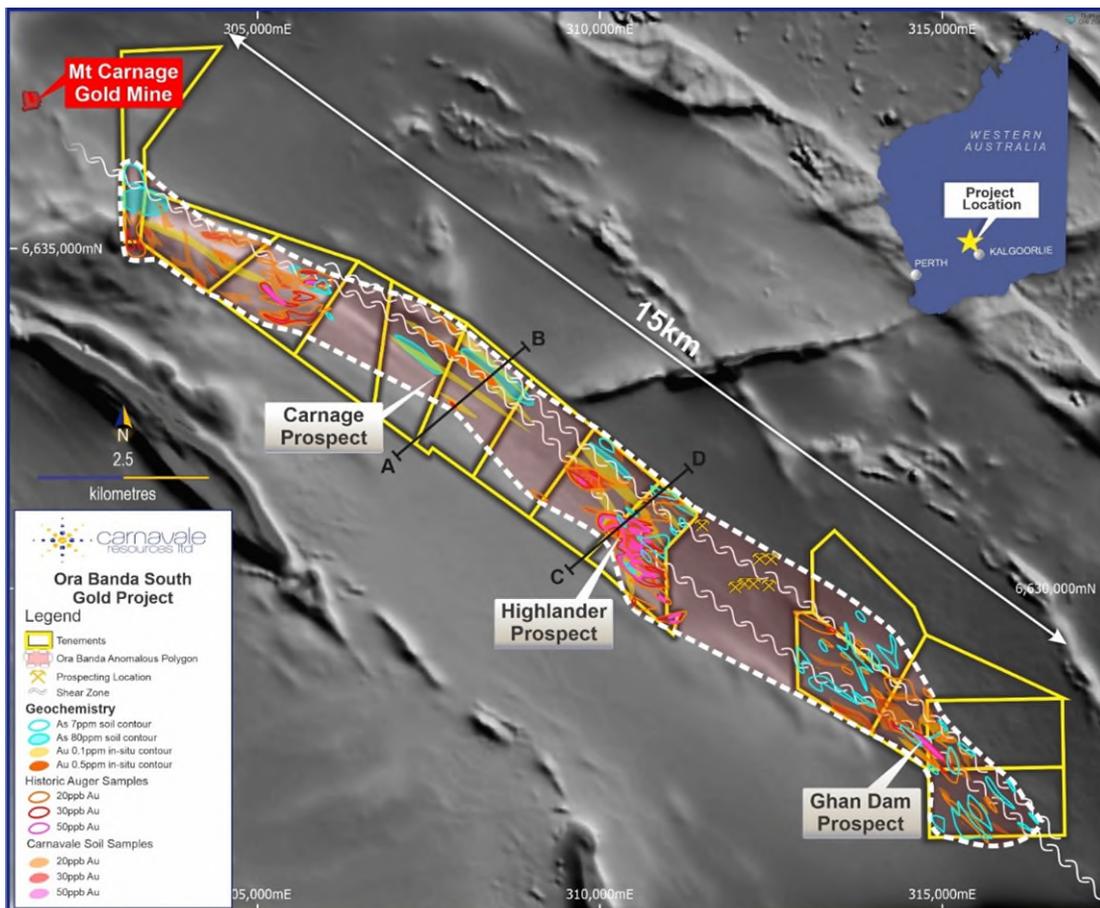


Figure 6, Location map with geochemical contours over regional aero magnetics.

Next steps

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

- Identify additional RC drill targets within the Ora Banda South Gold Project tenement package.
- Continue to evaluate new tenement opportunities adjacent to the project area.

CARNAVALE RESOURCES LIMITED REVIEW OF OPERATIONS

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.

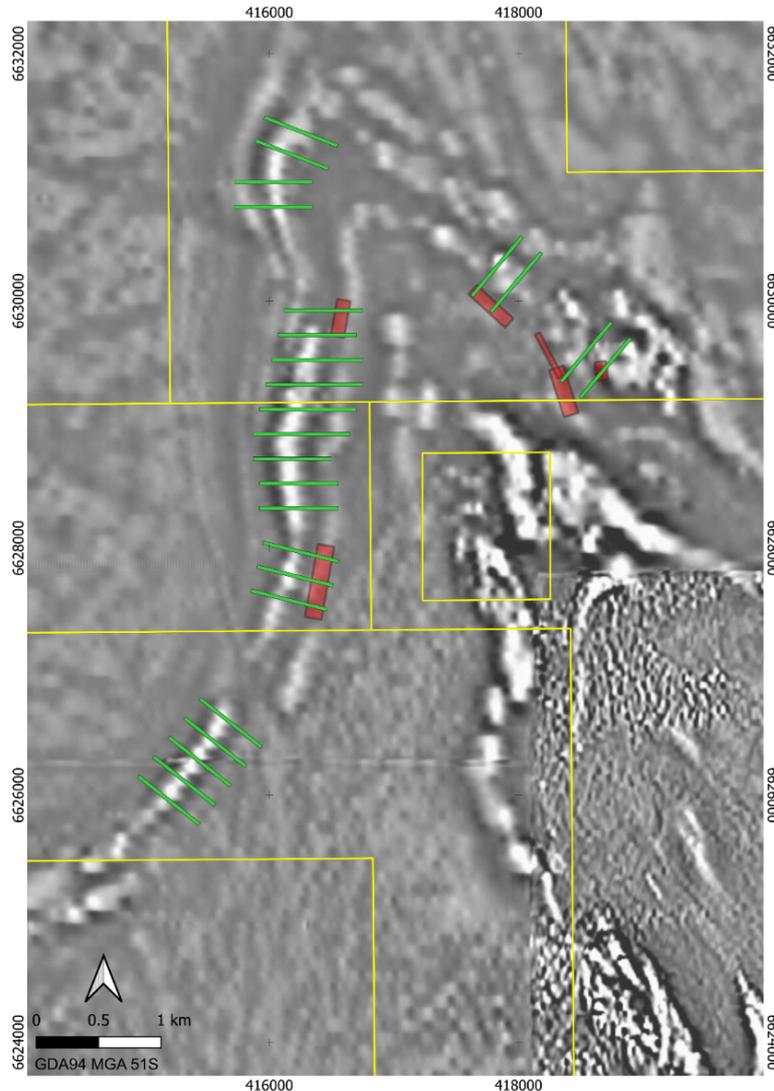


Figure 7: MLEM survey lines, preliminary model plates in red, and tenement boundaries all over a magnetic image (2vdagc)

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.

CAV 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 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 E28/2587 from Simon Buswell-Smith.

CARNAVALE RESOURCES LIMITED REVIEW OF OPERATIONS

Further work at the Grey Dam Project has focused on the Nickel Cobalt laterite resource. 2 aircore holes were drilled into the resource to collect sample material for a program of metallurgical testwork to investigate new methods of leaching the laterite material to leach the nickel cobalt metal into solution more economically. Carnavale has commissioned Amity Mining Ltd as metallurgical consultant to work with Nagrom on this project.

Barracuda PGE-Ni-Cu Project

On 23 August, 2022 Carnavale announced that it entered into an option agreement for the sale of its Barracuda Project with Midas Resources Ltd (ASX: MM1) (Midas) as part of its strategy of crystallizing value from its portfolio of non-core exploration assets. The Company, through its wholly owned subsidiary Tojo Minerals Pty Limited (Tojo), entered into a binding Heads of agreement with Midas under which Midas has an exclusive option to acquire Tojo's interests in E58/551.

Material Terms and Conditions of the Option Agreement are as follows:

- Midas has paid \$20,000 for the initial 12-month option period and in August 2023 paid a further \$20,000 on the first anniversary to extend the option term.
- Midas will pay a further \$20,000 on the 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.

New Opportunities

The Company continues to assess new opportunities for high demand metals, such as gold, nickel, tin, copper, nickel and cobalt, to supply the increasing demand for technology metals consumed in the rapidly growing batteries, electric motors and electronics industry.

Corporate

Capital Raisings and Share issues

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.

Subsequent to the end of the period, CAV issued 600 million shares at an issue price of \$0.0045 each to raise \$2.7 million to high net worth overseas, sophisticated and professional investors, comprising existing and new shareholders ("Placement") (before costs of raising). In September 2023 following receipt of shareholder approval, Carnavale Chairman, Mr Ron Gajewski and non-executive director, Mr Andrew Beckwith each subscribed for 45 million new ordinary shares at \$0.0045 raising a further \$405,000.

Argonaut Securities Pty Ltd ('Argonaut') was appointed as Lead Manager for the Placement. For managing the Placement (including obtaining the firm commitments), Argonaut (and its nominees) subscribed for 67.5 million options exercisable at \$0.007, expiring on or before 31 July 2025 at an issue price of \$0.00001 ('Options').

CARNAVALE RESOURCES LIMITED REVIEW OF OPERATIONS

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 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.

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 5 July 2023. 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 21 February 2023. 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 25 January 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.

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.

CARNAVALE RESOURCES LIMITED DIRECTORS' REPORT

The Directors of Carnavale Resources Limited submit herewith the annual financial report of Carnavale Resources Limited ("Company") and its controlled entities ("Group") for the year ended 30 June 2023 and the independent auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company during or since the end of the financial year are as follows.

Directors were in office for the entire period unless otherwise stated.

Ron Gajewski, BBus, CPA
Non-Executive Chairman
Appointed 18 October 2006

Mr Gajewski is an accountant by profession, with many years of experience as a director of public listed companies and as a corporate advisor to public companies.

Mr Gajewski has previously held directorships with mining companies listed in both Canada and Australia.

Mr Gajewski holds no other listed company directorships and has held no other listed company directorships in the last 3 years.

Andrew Beckwith, BSc Geology, AusIMM
Non-Executive Director
Appointed 29 July 2014

Mr Beckwith is a geologist, with a career spanning 30 years across the Australian mining industry. Roles include senior technical and management roles within a range of companies from large gold producers to small explorers through to corporate positions in ASX listed companies including Managing Director at Westgold and is currently a Director at De Grey Mining. He has been involved in many successful exploration teams including the early stages of the multi-million ounce Tropicana gold discovery (AngloGold Ashanti) and oversaw the growth in resources at Westgold, through a combination of organic exploration and corporate acquisition to established ~5.0M ounces in gold resources, which has gone on to become a leading Australian gold producer. More recently at De Grey, he has been intimately involved with the rapid growth of gold resources from 0.3Moz to the current 10.6Moz, and the recent discovery of the large Hemi gold deposit.

During the past three years he has also served as a director of the following listed companies:

Company	Date appointed	Date ceased
De Grey Mining Limited	26 October 2017	-

Rhett Brans, MIEAust CPEng
Independent Non-Executive Director
Appointed 17 September 2013

Mr Brans is a civil engineer with more than 45 years of experience in project development of treatment plants and mine developments and an experienced director having fulfilled directorship responsibilities in a number of ASX listed mining companies since 2004.

Throughout his career, Mr Brans has been involved in the co-ordination and management of scoping and feasibility studies and the design and construction of mineral treatment plants across a range of commodities and geographies including gold in Ghana, copper and lithium in the DRC, graphite in Mozambique, gold, copper, coal and mineral sands in Australia. He has extensive experience as an owner's representative for several successful mine feasibility studies and project developments.

During the past three years he has also served as a director of the following ASX listed companies:

Company	Date appointed	Date ceased
Australian Potash Limited	9 May 2017	-
AVZ Minerals Limited	5 February 2018	-

CARNAVALE RESOURCES LIMITED

DIRECTORS' REPORT

COMPANY SECRETARY

Paul Jurman, BCom, CPA
Appointed 22 November 2006

Mr Jurman is a Certified Practising Accountant with over 15 years' experience and has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles. He is also company secretary of Tempest Minerals Limited, Lord Resources Limited and Platina Resources Limited.

Directors' interests

The relevant interests in the shares and options of the Company at the date of this report are as follows:

<i>Name</i>	<i>Ordinary shares</i>	<i>Unlisted Options</i> <i>Ex \$0.012, expiring 30/11/23</i>	<i>Unlisted Options</i> <i>Ex \$0.008, expiring 31/03/25</i>
R Gajewski	198,910,227	25,000,000	20,000,000
A Beckwith	99,543,188	25,000,000	20,000,000
R Brans	5,000,000	10,000,000	5,000,000

No director has an interest, whether directly or indirectly, in a contract or proposed contract with the Group.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the year was acquiring and exploring mineral interests, prospective for precious metals and energy.

RESULTS AND DIVIDENDS

The consolidated loss after tax for the year ended 30 June 2023 was \$452,609 (2022: \$1,412,618). No dividends were paid during the year and the Directors do not recommend payment of a dividend.

LOSS PER SHARE

Basic loss per share for the year was 0.017 cents (30 June 2022: 0.06 cents).

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW

The Group is currently engaged in mineral exploration for metals in Australia. A review of the Group's operations, including information on exploration activity and results thereof, financial position, strategies and projects of the Group during the year ended 30 June 2023 is provided in this Annual Report and, in particular, in the "Review of Operations" section immediately preceding this Directors' Report. The Group's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

The head of the UN World Health Organization declared an end to COVID-19 as a public health emergency in May 2023, whilst noting it remains a global health threat. COVID-19 did not have a significant direct financial impact on the Company during the year. Staff have remained in good health and the Company's planned exploration programs have not been impacted by COVID-19 in any significant way. It is not practical to quantify the exact financial impact of COVID-19 during the year, but the financial impact was not significant to the current year's result.

As an exploration entity, the Group has no operating revenue or earnings and consequently the Group's performance cannot be gauged by reference to those measures. Instead, the Directors consider the Group's performance based on the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Group's mineral portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Group, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

CARNAVALE RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS / OPERATING AND FINANCIAL REVIEW (continued)

The Group's business strategy for the financial year ahead and, in the foreseeable future, is to continue exploration activity on the Group's existing mineral projects, identify and assess new mineral project opportunities throughout the world and review development strategies where individual projects have reached a stage that allows for such an assessment. Due to the inherently risky nature of the Group's activities, the Directors are unable to comment on the likely results or success of these strategies. The Group's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Group, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Group and its future performance include but are not limited to:

- Geological and technical risk posed to exploration and commercial exploitation success;
- Sovereign risk, change in government policy, change in mining and fiscal legislation;
- Prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals, or native title issues;
- Force majeure events;
- Change in metal market conditions;
- Mineral title tenure and renewal risks; and
- Capital requirement and lack of future funding.

This is not an exhaustive list of risks faced by the Group or an investment in it. There are other risks generic to the stock market and the world economy as a whole and other risks generic to the mining industry, all of which can impact on the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company's objective is to maximise shareholder value through the discovery and delineation of significant gold, cobalt, nickel, tin, copper, silver and other mineral deposits throughout the world.

The Directors are unable to comment on the likely results from the Company's planned exploration activities due to the speculative nature of such activities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has not been any significant changes in the state of affairs of the company and its controlled entities during the financial year, other than as noted in this Annual Report.

SUBSEQUENT EVENTS

No matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than the matters referred to below.

- In July 2023, CAV issued 600 million shares at an issue price of \$0.0045 each to raise \$2.7 million to high net worth overseas, sophisticated and professional investors, comprising existing and new shareholders ("Placement").
- Argonaut Securities Pty Ltd ('Argonaut') was appointed as Lead Manager for the Placement. For managing the Placement (including obtaining the firm commitments), Argonaut (and its nominees) subscribed for 67.5 million options exercisable at \$0.007, expiring on or before 31 July 2025 at an issue price of \$0.00001 ('Options').
- In September 2023 following receipt of shareholder approval, Carnavale Chairman, Mr Ron Gajewski and non-executive director, Mr Andrew Beckwith each subscribed for 45 million new ordinary shares at \$0.0045 raising a further \$405,000.
- In August 2023, the Company issued 15 million options exercisable at \$0.008, expiring on or before 31 March 2025 to technical consultants.
- In September 2023, following shareholder approval received at the general meeting of shareholders held on 15 September 2023, a total of 45 million options were issued to Mr Gajewski (20 million options), Mr Beckwith (20 million options) and Mr Brans (5 million options). The Company also issued a further 27.5 million options to Mr Hale (20 million options), Mr Jurman (5 million options) and a consultant (2.5 million options). The options expire on 31 March 2025 and are exercisable at \$0.008 each.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out exploration work.

CARNAVALE RESOURCES LIMITED DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of meetings of the Directors and the number of meetings attended by each Director during the year ended 30 June 2023 were:

<i>Name</i>	<i>Eligible to attend</i>	<i>Attended</i>
R Gajewski	3	1
A Beckwith	3	3
R Brans	3	3

There were 3 directors' meetings held during the year. However, matters of Board business have also been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings of the Directors held to control, implement and monitor the Group's activities throughout the period.

At present, the Company does not have any formally constituted committees of the Board. The Directors consider that the Group is not of a size nor are its affairs of such complexity as to justify the formation of special committees.

REMUNERATION REPORT – AUDITED

This report outlays the remuneration arrangements in place for the Key Management Personnel (as defined under section 300A of the Corporations Act 2001) of Carnavale Resources Limited.

The following were Key Management Personnel of the Company during or since the end of the financial period.

Directors

R Gajewski	Non-Executive Chairman	Appointed 18 October 2006
A Beckwith	Non-Executive Director	Appointed 29 July 2014
R Brans	Non-Executive Director	Appointed 17 September 2013

Other Senior Management

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Senior Management

H Hale	Chief Executive Officer	Appointed 1 June 2021
--------	-------------------------	-----------------------

There have been no other changes of Key Management Personnel after the reporting date and up to the date the financial report was authorised for issue.

Remuneration policy

The remuneration policy of Carnavale Resources Limited has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Carnavale Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

- The remuneration policy and setting the terms and conditions for the Executive Directors and other senior staff members is developed and approved by the Board based on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained when considered necessary to confirm that executive remuneration is in line with market practice and is reasonable within Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.
- The Group is an exploration entity and is, therefore, speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the Group moves from an exploration to a producing entity and key performance indicators such as profit and production and reserves growth can be used as measurements for assessing executive performance.

**CARNAVALE RESOURCES LIMITED
DIRECTORS' REPORT**

- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at a shareholders' meeting on 5 January 2007 when the shareholders approved an aggregate remuneration of \$200,000 per year. Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.
- Executive Directors' remuneration and other terms of employment are reviewed annually by the non-executive directors having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in the Remuneration Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Group.

Remuneration Structure

In accordance with best practice corporate governance, the structure of remuneration for Non-Executive Directors and Executive Directors is separate and distinct.

Details of Remuneration

Details of the remuneration of the Directors and other Key Management Personnel of the Company are set out in the following table. The Key Management Personnel of the Company are the Directors of Carnavale Resources Limited and the Chief Executive Officer. Detail of the employment contract with the Chief Executive Officer is as follows:

Name	Term of Agreement	Base Salary including Superannuation	Termination Benefit
Humphrey Hale Chief Executive Officer	Ongoing commencing 1 June 2021	\$255,300	May be terminated by either Mr Hale or the Company by providing three months' notice.

Voting and comments made at the Company's 2022 Annual General Meeting (AGM) – At the 2022 AGM, 98.4% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration of KMP:

Remuneration for the year ended 30 June 2023

	Short-term benefits		Post-employment Superannuation	Equity-based compensation	Total	Proportion related to performance
	Directors' fees	Consulting fees				
	\$	\$	\$	\$	\$	%
Directors						
R Gajewski	48,000	-	5,040	-	53,040	-
A Beckwith	36,000	-	3,780	-	39,780	-
R Brans	36,000	-	3,780	-	39,780	-
Total, Directors	120,000	-	12,600	-	132,600	
Other KMP						
Chief Executive Officer						
H Hale	-	230,000	24,150	-	254,150	-
Total KMP	120,000	230,000	36,750	-	386,750	

**CARNAVALE RESOURCES LIMITED
DIRECTORS' REPORT**

Remuneration for the year ended 30 June 2022

	Short-term benefits		Post-employment Super-annuation	Equity-based compensation	Total	Proportion related to performance
	Directors' fees	Consulting fees				
	\$	\$				
Directors						
R Gajewski	48,000	-	4,800	-	52,800	-
A Beckwith	36,000	-	3,600	-	39,600	-
R Brans	36,000	-	3,600	-	39,600	-
Total, Directors	120,000	-	12,000	-	132,000	
Other KMP						
Chief Executive Officer						
H Hale	-	196,667	19,667	45,765	262,099	17.26
Total KMP	120,000	196,667	31,667	45,765	394,099	

Accounting, secretarial and corporate service fees of \$52,227 (2022: \$65,623) and rental fees of \$30,000 (2022: \$30,000) were paid or payable during the year ended 30 June 2023 on normal terms and conditions to Corporate Consultants Pty Ltd, a company in which Mr Gajewski is a director and has a beneficial interest.

Remuneration Options granted as part of remuneration for the year ended 30 June 2023

No remuneration options were granted to directors or key management personnel during the year ended 30 June 2023. Remuneration options issued during the year ended 30 June 2022 to the CEO, Mr Humphrey Hale were as follows:

Key Management Personnel	Grant date	Number granted	Number vested at year end	Average fair value per option at grant date	Maximum total value of grant yet to vest (\$)
H Hale	12 February 2022	7,500,000	7,500,000	0.61 cents	-

Assumptions used in valuing the options issued are as follows:

Grant Date	Expiry Date	Fair value per option	Exercise price	Price of shares on grant date	Expected Volatility	Risk free interest rate	Dividend yield
12 Feb 2022	31 July 2023	0.61 cents	1.6 cents	1.2 cents	131%	0.10%	-

Each option entitles the holder to purchase one ordinary share in the Company. The estimated value disclosed above is calculated at the date of grant using the Black-Scholes option pricing model.

No options over unissued ordinary shares in Carnavale Resources Limited were granted to, were forfeited by, or were exercised by key management personnel of the Company (as part of their remuneration).

In September 2023, following shareholder approval received at the general meeting of shareholders held on 15 September 2023, a total of 45 million options were issued to Mr Gajewski (20 million options), Mr Beckwith (20 million options) and Mr Brans (5 million options). The Company also issued a further 27.5 million options to Mr Hale (20 million options), Mr Jurman (5 million options) and a consultant (2.5 million options). The options expire on 31 March 2025 and are exercisable at \$0.008 each.

Performance Rights granted as part of remuneration for the year ended 30 June 2023

The Company has not granted any performance rights during the financial year to any Directors or officers as part of their remuneration during the years ended 30 June 2023 or 30 June 2022.

The Company has not granted any performance rights since the end of the financial year to any Directors or officers as part of their remuneration.

**CARNAVALE RESOURCES LIMITED
DIRECTORS' REPORT**

Shareholdings of key management personnel

Year ended 30 June 2023

	Balance at 1 July 2022	Granted as remuneration	Net other change	Balance at 30 June 2023
Directors				
R Gajewski	153,910,227	-	-	153,910,227
A Beckwith	54,543,188	-	-	54,543,188
R Brans	5,000,000	-	-	5,000,000
Total	213,453,415	-	-	213,453,415
Other KMP				
H Hale	-	-	-	-
Total	213,453,415	-	-	213,453,415

Option holdings of key management personnel

Year ended 30 June 2023

	Balance at 1 July 2022	Granted as remuneration	Net other change (i)	Balance at 30 June 2023
Directors				
R Gajewski	41,590,909	-	(7,500,000)	34,090,909
A Beckwith	35,590,909	-	(1,500,000)	34,090,909
R Brans	10,000,000	-	-	10,000,000
Total	87,181,818	-	(9,000,000)	78,181,818
Other KMP				
H Hale	22,500,000	-	(15,000,000)	7,500,000
Total	109,681,818	-	(24,000,000)	85,681,818

(i) The options expired unexercised.

End of Remuneration report

SHARE OPTIONS

As at the date of this report, there are 225,000,000 Unlisted Options on issue.

	Number	Exercise Price (cents)	Expiry Date
Unlisted Options	70,000,000	1.2	30 November 2023
Unlisted Options	67,500,000	0.7	31 July 2025
Unlisted Options	87,500,000	0.8	31 March 2025

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During the financial year, the Company did not issue any options.

180,678,571 options expired unexercised on 31 July 2022, 7,000,000 options expired unexercised on 30 November 2022 and subsequent to year end, 188,999,998 options expired unexercised on 31 July 2023.

Subsequent to year end, Argonaut Securities Pty Ltd ('Argonaut') was appointed Lead Manager for a capital raising undertaken by the Company in July 2023 and as part of its compensation, Argonaut (or its nominees) subscribed for 67.5 million options exercisable at \$0.007, expiring on or before 31 July 2025 at an issue price of \$0.00001.

In August 2023, the Company issued 15 million options exercisable at \$0.008, expiring on or before 31 March 2025 to technical consultants.

In September 2023, following shareholder approval received at the general meeting of shareholders held on 15 September 2023, a total of 45 million options were issued to Mr Gajewski (20 million options), Mr Beckwith (20 million options) and Mr Brans (5 million options). The Company also issued a further 27.5 million options to Mr Hale (20 million options), Mr Jurman (5 million options) and a consultant (2.5 million options). The options expire on 31 March 2025 and are exercisable at \$0.008 each.

CARNAVALE RESOURCES LIMITED DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by him in his capacity as Officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the period, the Company agreed to pay an annual insurance premium of \$10,212 in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors, officers and employees of the Company. The insurance premium relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty.

NON - AUDIT SERVICES

There have been no non-audit services provided by the Group's auditor during the year (2022: Nil).

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and forms part of the directors' report and can be found on the following page of the annual report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for the corporate governance of the Company and guides and monitors the business and affairs on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

ASX Listing Rule 4.10.3 requires listed companies to disclose the extent to which they have followed the recommendations set by the ASX Corporate Governance Council during the reporting period. The Company has disclosed this information on its website at www.carnavaleresources.com/corporate-governance. The Corporate Governance Statement is current as at 30 June 2023, and has been approved by the Board of Directors.

The Company's website at www.carnavaleresources.com contains a corporate governance section that includes copies of the Company's corporate governance policies.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors.



RON GAJEWSKI
Chairman

Dated this 28th day of September 2023.
Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Carnavale Resources Limited for the year ended 30 June 2023, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
28 September 2023



M R Ohm
Partner

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

CARNAVALE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated 2023 \$	2022 \$
Revenue	3	55,220	3,348
		<u>55,220</u>	<u>3,348</u>
Expenditure			
Administrative expenses		(575,906)	(596,214)
Exploration expenditure impaired	11	(30,508)	(707,157)
Foreign exchange gain / (loss)		666	919
Share-based payments expense	15	-	(189,162)
Depreciation expenses		(618)	(466)
		<u>(551,146)</u>	<u>(1,488,732)</u>
Loss before related income tax benefit		(551,146)	(1,488,732)
Income tax benefit		98,537	76,114
		<u>(452,609)</u>	<u>(1,412,618)</u>
Net loss attributable to members of the parent entity		(452,609)	(1,412,618)
Other comprehensive income for the period, net of tax		-	-
		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(452,609)</u>	<u>(1,412,618)</u>
Loss per share			
Basic – cents	17	<u>(0.017)</u>	<u>(0.06)</u>
Diluted – cents	17	<u>(0.017)</u>	<u>(0.06)</u>

The accompanying notes form part of these financial statements

CARNAVALE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Consolidated 2023 \$	2022 \$
Current assets			
Cash and cash equivalents	18(a)	919,185	3,246,725
Receivables	8	135,172	190,259
Other assets	9	21,418	21,686
Total current assets		1,075,775	3,458,670
Non-current assets			
Other assets	10	20,000	20,000
Exploration and evaluation expenditure	11	7,883,671	6,012,377
Property, plant and equipment	12	461	1,079
Total non-current assets		7,904,132	6,033,456
Total assets		8,979,907	9,492,126
Current liabilities			
Trade and other payables	13	379,076	527,022
Total current liabilities		379,076	527,022
Total liabilities		379,076	527,022
Net assets		8,600,831	8,965,104
Equity			
Issued capital	14	39,660,291	39,571,955
Reserves	15	3,019,733	3,019,733
Accumulated losses	16	(34,079,193)	(33,626,584)
Total equity		8,600,831	8,965,104

The accompanying notes form part of these financial statements

CARNAVALE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	36,484,552	2,583,326	(32,213,966)	6,853,912
Loss attributable to members of the parent entity	-	-	(1,412,618)	(1,412,618)
Total comprehensive loss for the year	-	-	(1,412,618)	(1,412,618)
Shares and options issued during the year (net of issue costs)	3,087,403	400	-	3,087,803
Fair value of options issued	-	436,007	-	436,007
Balance at 30 June 2022	<u>39,571,955</u>	<u>3,019,733</u>	<u>(33,626,584)</u>	<u>8,965,104</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2022	39,571,955	3,019,733	(33,626,584)	8,965,104
Loss attributable to members of the parent entity	-	-	(452,609)	(452,609)
Total comprehensive loss for the year	-	-	(452,609)	(452,609)
Shares issued during the year (net of issue costs)	88,336	-	-	88,336
Balance at 30 June 2023	<u>39,660,291</u>	<u>3,019,733</u>	<u>(34,079,193)</u>	<u>8,600,831</u>

The accompanying notes form part of these financial statements

CARNAVALE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated	
		2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers		(547,588)	(541,551)
Interest received		35,220	3,722
Other income		20,000	-
Other income – R & D tax offset received		76,114	35,847
Net cash outflows from operating activities	18(b)	<u>(416,254)</u>	<u>(501,982)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,760,243)	(2,467,886)
Payments for acquisition of exploration tenements		(150,000)	(278,930)
Payments for property, plant and equipment		-	(1,545)
Net cash outflows from investing activities		<u>(1,910,243)</u>	<u>(2,748,361)</u>
Cash flows from financing activities			
Proceeds from issue of shares and options		-	3,123,614
Issue costs - shares and options		(1,664)	(157,048)
Net cash (outflows) /inflows from financing activities		<u>(1,664)</u>	<u>2,966,566</u>
Net (decrease) / increase in cash and cash equivalents held		(2,328,161)	(283,777)
Cash and cash equivalents at the beginning of the financial year		3,246,725	3,529,684
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		621	818
Cash and cash equivalents at the end of the financial year	18(a)	<u>919,185</u>	<u>3,246,725</u>

The accompanying notes form part of these financial statements

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. CORPORATE INFORMATION

Carnavale Resources Limited is a company limited by shares, incorporated in Australia. The Company's shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activity of the Group is mineral exploration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial statements have also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report is presented in whole Australian dollars.

Going Concern

The financial statements have been prepared on the 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 year after tax of \$452,609 (2022: \$1,412,618) and experienced net operating and investing cash outflows of \$2,326,497 (2022: \$3,250,343). As at 30 June 2023, the Group has net current assets of \$696,699.

Subsequent to the end of the reporting period, the Company advised it had completed a placement of 690 million shares at an issue price of \$0.0045 each raising \$3.105 million before costs.

Management has prepared a detailed cash flow forecast for the next 12 months from the date of this report, and the directors are satisfied that the going concern basis of preparation is appropriate.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Carnavale Resources Limited and its subsidiaries.

(b) New, revised or amending Accounting Standards and Interpretations adopted

Standards and Interpretations applicable to 30 June 2023

In the year ended 30 June 2023, 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 the current annual reporting period. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group.

Standards and Interpretations on issue not yet effective

The Directors have also reviewed all Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2023.

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

(c) Statement of compliance

The financial statement of Carnavale Resources Limited (the Company) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 28 September 2023.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Carnavale Resources Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Carnavale Resources Limited and its subsidiaries are referred to in this financial report as the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

(e) Income tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(g) Revenue

Revenue is recognised to the extent that control of the goods or services has passed, and it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date (where applicable). Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred (where applicable).

(j) Impairment of assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired and makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether any previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Earnings / (loss) per share

Basic earnings / (loss) per share is calculated as net profit / (loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and are solely principal and interest. All other financial instrument assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income. For financial liabilities, the portion of the change in fair value that relates to the Group's credit risk is presented in other comprehensive income.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either be: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Foreign currency translation

Both the functional and presentation currency of Carnavale Resources Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of this subsidiary are translated into the presentation currency of Carnavale Resources Limited at the rate of exchange ruling at the balance date and its statement of financial performance is translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(o) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 4 years

(p) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Carnavale Resources Limited.

(s) Share based payments

For equity-settled share-based payment transactions, the Group shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to¹ the fair value of the equity instruments granted.

The Group, from time to time, provides compensation benefits to employees (including directors) and consultants of the Group in the form of share-based payment transactions, whereby employees and consultants render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a Black-Scholes-Merton model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the recipient become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure is set out in Note 2 (f). The application of this policy necessarily requires the Board to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the expenditures are unlikely to be recoverable by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

The Board determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes-Merton model, using various assumptions.

(u) Parent Entity Financial Information

The financial information for the parent entity, Carnavale Resources Limited, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3. REVENUE

	Consolidated	
	2023	2022
	\$	\$
Other revenue		
Interest earned	35,220	3,348
Other income – option fee received	20,000	-
	55,220	3,348

4. EXPENSES

	Consolidated	
	2023	2022
	\$	\$
Loss before income tax includes the following specific expenses:		
Exploration expenditure impaired	30,508	707,157

5. INCOME TAX

- (a) **Prima facie tax benefit at 30% (2022: 30%) on loss from ordinary activities is reconciled to the income tax provided in the financial statements**

	Consolidated	
	2023	2022
	\$	\$
Loss before income tax	(452,609)	(1,412,618)
Prima facie income tax benefit at 30% (2022: 30%)	135,783	423,785
Tax effect of amounts which are not tax (deductible) / taxable in calculating taxable income:		
Due diligence / capital related costs	-	(2,446)
Exploration expenses incurred	498,541	782,678
Exploration expenses impaired	(9,152)	(212,147)
Tax effect of capitalised share issue costs	64,602	53,325
Share-based payment expense	-	(56,749)
Other non-assessable items	29,561	22,834
Other non-deductible items	-	(160)
Refundable R & D tax offset	98,537	76,114
Income tax benefit adjusted for non (deductible) / taxable items	817,872	1,087,234
Deferred tax asset not brought to account	(719,335)	(1,011,120)
Income tax benefit	98,537	76,114

(b) Deferred tax assets

The potential deferred tax asset arising from tax losses and temporary differences has not been recognised as an asset because recovery of tax losses is not yet considered probable.

	Consolidated	
	2023	2022
	\$	\$
Carry forward revenue losses	10,836,654	10,133,743
Carry forward capital losses	2,804,459	2,804,459
Capital raising costs	156,530	144,467
	13,797,643	13,082,669

The benefits will only be obtained if:

- (i) the companies in the Group derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5. INCOME TAX (continued)

(b) Deferred tax assets (continued)

- (ii) the companies in the Group continue to comply with the conditions for deductibility imposed by the Law; and
- (iii) no changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

(c) Deferred tax liabilities

The potential deferred tax liability arising from capitalised exploration expenditure has not been recognised as a liability. This would reduce the potential deferred tax asset noted at (b) above.

	Consolidated	
	2023	2022
	\$	\$
Deferred exploration and evaluation expenditure	1,821,746	1,332,358

6. AUDITOR'S REMUNERATION

	Consolidated	
	2023	2022
	\$	\$
The auditor of Carnavale Resources Limited is HLB Mann Judd. Amounts received or due and receivable by the Company's auditors for: Auditing or reviewing the Company's financial statements	34,687	29,642
	34,687	29,642

7. KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors

R Gajewski
A Beckwith
R Brans

Senior Management

H Hale

(b) Compensation of key management personnel

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	350,000	316,667
Post-employment benefits	36,750	31,667
Share-based payments	-	45,765
	386,750	394,099

Information regarding individual directors' and senior management compensation is provided in the Remuneration report on pages 16 to 19.

(c) Other key management personnel transactions

Accounting, secretarial and corporate service fees of \$52,227 (2022: \$65,623) and rental fees of \$30,000 (2022: \$30,000) were paid or payable during the year ended 30 June 2023 on normal terms and conditions to Corporate Consultants Pty Ltd, a company in which Mr Gajewski is a director and has a beneficial interest.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. CURRENT RECEIVABLES

	Consolidated	
	2023	2022
	\$	\$
Other receivables	135,172	190,259
	135,172	190,259

Other receivables represent amounts outstanding for goods and services tax (GST) and an R & D tax refund of \$98,537, which are non-interest bearing, with repayment terms applicable under the relevant government authorities.

9. OTHER CURRENT ASSETS

	Consolidated	
	2023	2022
	\$	\$
Prepayments	21,418	21,686
	21,418	21,686

10. OTHER ASSETS

	Consolidated	
	2023	2022
	\$	\$
Credit card bond	20,000	20,000
	20,000	20,000

11. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2023	2022
	\$	\$
Exploration and evaluation costs carried forward in respect of exploration areas of interest (i)	7,883,671	6,012,377
Opening balance	6,012,377	3,463,595
Acquisition costs – exploration licences – refer note 20	240,000	647,012
Exploration expenditure incurred	1,661,802	2,608,927
Exploration expenditure impaired (i)	(30,508)	(707,157)
	7,883,671	6,012,377

- (i) 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.

12. PLANT AND EQUIPMENT

	Consolidated	
	2023	2022
	\$	\$
Plant and equipment, at cost	1,545	1,545
Less: accumulated depreciation	(1,084)	(466)
	461	1,079
Balance at beginning of year	1,079	-
Additions	-	1,545
Depreciation expense	(618)	(466)
	461	1,079

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

13. TRADE AND OTHER PAYABLES

	Consolidated	
	2023	2022
	\$	\$
Current		
Trade and other payables	379,076	527,022

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

14. ISSUED CAPITAL

(a) Issued capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in share capital

	2023	2022	2023	2022
	Number	Number	\$	\$
Balance at beginning of year	2,718,551,728	2,380,230,303	39,571,955	36,484,552
Shares issued during the period on exercise of options	-	48,321,429	-	483,214
Shares issued in July 2021 for the acquisition of 80% of the Kookynie Gold Project	-	50,000,000	-	368,082
Share placement at an issue price of 0.011 cents each in February and April 2022	-	239,999,996	-	2,640,000
Shares issued in Oct 2022 for the acquisition of 80% of the Ora Banda Gold Project	15,000,000	-	90,000	-
Transaction costs arising from issue of securities	-	-	(1,664)	(403,893)
Balance at end of year	<u>2,733,551,728</u>	<u>2,718,551,728</u>	<u>39,660,291</u>	<u>39,571,955</u>

(c) Share options

Options to subscribe for ordinary shares in the capital of the Company have been granted as follows:

2023

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

(i) All options noted in (i) above expired unexercised.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

14. ISSUED CAPITAL (continued)

(c) Share options

2022	Exercise Period	Exercise Price	Opening Balance 1 July 2021	Options Issued 2021/2022	Options Exercised / Expired 2021/2022	Closing Balance 30 June 2022
			<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
	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 (ii)	\$0.01	199,000,000	-	(48,321,429)	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 (i)	\$0.016	-	188,999,998	-	188,999,998
	Total		306,000,000	188,999,998	(48,321,429)	446,678,569

(i) In February and April 2022, the Company allotted 119,999,998 free attaching options to sophisticated and professional investors who participated in a placement of 239,999,996 fully paid shares at an issue price of \$0.011 each to raise \$2,640,000. A further 40 million options were subscribed for by Golden Triangle Capital Pty Ltd at an issue price of \$0.00001 each. In February 2022, the company issued 21.5 million options to technical and administrative staff and consultants and Chief Executive Officer, Mr Humphrey Hale, was issued 7.5 million options.

(ii) During the period, the Company allotted 48,321,429 ordinary fully paid shares following the exercise of 48,321,429 options exercisable at \$0.01 raising \$483,214.

15. RESERVES

	Consolidated	
	2023	2022
	\$	\$
Option premium and share-based payments reserve (a)	3,019,733	3,019,733
Total	3,019,733	3,019,733

(a) 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. Refer to Note 19 for further details.

	Consolidated	
	2023	2022
	\$	\$
Opening balance	3,019,733	2,583,326
Fair value of options issued	-	189,162
Fair value of options subscribed for by Lead Manager	-	247,245
Balance at end of year	3,019,733	3,019,733

16. ACCUMULATED LOSSES

	Consolidated	
	2023	2022
	\$	\$
Accumulated losses at the beginning of the year	(33,626,584)	(32,213,966)
Loss for the year	(452,609)	(1,412,618)
Accumulated losses at the end of the year	(34,079,193)	(33,626,584)

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

17. LOSS PER SHARE

	Consolidated	
	2023	2022
	\$	\$
Net loss after income tax attributable to members of the Company	(452,609)	(1,412,618)
	Number	Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	2,729,307,223	2,527,821,382
Effect of dilution	-	-
Weighted average number of ordinary shares for diluted earnings per share	2,729,307,223	2,527,821,382

Effect of Dilutive Securities - Share Options

The Company has 258,999,998 share options at 30 June 2023 (30 June 2022: 446,678,569). Options are considered to be potential ordinary shares. However, in periods of a net loss, share options are anti-dilutive, as their exercise will not result in lower earnings per share. The options have therefore not been included in the determination of diluted earnings per share.

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consists of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	Consolidated	
	2023	2022
	\$	\$
Cash at bank	919,185	3,246,725
	919,185	3,246,725

(b) Reconciliation of loss after tax to net cash outflows from operations

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax	(452,609)	(1,412,618)
Depreciation	618	466
Exploration expenditure impaired / expensed	30,508	707,157
Exploration bond refunded	-	-
Net exchange differences	(621)	(815)
Share-based payments expense	-	189,162
(Increase) / decrease in assets		
Trade and other receivables	(19,708)	(42,039)
Increase / (decrease) in liabilities		
Trade and other payables	25,558	56,705
	(416,254)	(501,982)

(c) Non-cash investing activities

During the period, the Company elected to exercise its Option 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. The acquisition was accounted for as an asset acquisition.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

19. SHARE-BASED PAYMENTS

The Company makes share-based payments to Directors, consultants and/or service providers from time to time, not under any specific plan.

The expense recognised in the Statement of Comprehensive Income in relation to share-based payments is \$Nil (2022: 189,162), relating to options.

The following tables illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

Options	2023 Number	2023 Weighted average exercise price	2022 Number	2022 Weighted average exercise price
Outstanding at the beginning of the year	446,678,569	\$0.0131	306,000,000	\$0.0107
Issued during the year	-	-	188,999,998	\$0.016
Exercised during the year	-	-	(48,321,429)	\$0.01
Forfeited / lapsed during the year	(187,678,571)	\$0.0105	-	-
Outstanding at the end of the year	258,999,998	\$0.0149	446,678,569	\$0.0131
Exercisable at the end of the year	258,999,998	\$0.0149	446,678,569	\$0.0131

Refer to Note 14 c) for details of the movement in options during the year ended 30 June 2023 and 30 June 2022.

Assumptions used in valuing the options issued in the prior period are as follows:

2022 Number of Options	Grant Date	Expiry Date	Fair value per option	Exercise price	Price of shares on grant date	Expected Volatility	Risk free interest rate	Dividend yield
69,000,000	12 Feb 2022	31 Jul 2023	\$0.0061	\$0.016	\$0.012	131%	0.10%	-

20. COMMITMENTS AND CONTINGENCIES

(a) Commitments

In order to maintain current contractual rights concerning its mineral projects, the Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest.

The current annual minimum lease expenditure commitments on tenements wholly owned by the Group comprising E28/1477 and M28/378, which covers the Grey Dam Project is \$82,300 (2022: \$82,300).

The Company owns 80% of the Kookynie Gold Project, comprising tenements E40/355, P40/1380 and P40/1381. In order to maintain current contractual rights, the Group has certain commitments to meet minimum expenditure requirements. The current annual minimum lease expenditure commitments on this tenement package is \$80,920 (2022: 61,120).

In September and October 2020, the Company agreed to purchase 100% of tenements P40/1480 and E40/394 at the Kookynie Gold Project and in order to maintain current contractual rights, the Group must spend \$26,560 (2022: \$26,560) to meet minimum lease expenditure commitments.

During the period, the Company 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 ASX release dated 12 October 2022). 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. In order to maintain current contractual rights, the Group has certain commitments to meet minimum expenditure requirements. The current annual minimum lease expenditure commitments on this tenement package is \$100,720.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

20. COMMITMENTS AND CONTINGENCIES (continued)

The Company owns 100% of P24/5518, P24/5519, P24/5520, P24/5521, P24/5522 and P24/5523 at the the Ora Banda South Gold Project and in order to maintain current contractual rights, the Group must spend \$42,480 to meet minimum lease expenditure commitments.

In April 2021, the Company agreed to purchase 100% of the Barracuda Platinum-Palladium-Nickel-Copper (PGE-Ni-Cu) Project (granted license E58/551) and in order to maintain current contractual rights, the Group must spend \$30,000 to meet minimum lease expenditure commitments. During the period, the Company entered into an option agreement for the sale of its Barracuda PGE-Ni-Cu Project with Midas Resources Ltd (ASX MM1) (Midas). 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 lease expenditure commitments. Midas must contribute the minimum lease expenditure commitments 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 the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer, or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

(b) Contingent liabilities

The Group does not have any contingent liabilities at balance date other than as below:

In accordance with the tenement acquisition agreements and option agreements entered into by the Group the following deferred consideration may become payable in future periods:

Grey Dam Project

M28/378

- A 2% gross royalty is payable comprising a 1% gross revenue payable on all nickel, copper, cobalt value if any profit from them is derived and a 1% total gold production royalty.

Barracuda Platinum-Palladium-Nickel-Copper (PGE-Ni-Cu) Project

- A 0.5% Net Smelter Return ('NSR') royalty is payable on all minerals produced from the tenement.

21. EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than the matters referred to below.

- In July 2023, the Company issued 600 million shares at an issue price of \$0.0045 each to raise \$2.7 million to high net worth overseas, sophisticated and professional investors, comprising existing and new shareholders ("Placement").
- Argonaut Securities Pty Ltd ('Argonaut') was appointed as Lead Manager for the Placement. For managing the Placement (including obtaining the firm commitments), Argonaut (and its nominees) subscribed for 67.5 million options exercisable at \$0.007, expiring on or before 31 July 2025 at an issue price of \$0.00001 ('Options').
- In September 2023 following receipt of shareholder approval, Carnavale Chairman, Mr Ron Gajewski and non-executive director, Mr Andrew Beckwith each subscribed for 45 million new ordinary shares at \$0.0045 raising a further \$405,000.
- In August 2023, the Company issued 15 million options exercisable at \$0.008, expiring on or before 31 March 2025 to technical consultants.
- In September 2023, following shareholder approval received at the general meeting of shareholders held on 15 September 2023, a total of 45 million options were issued to Mr Gajewski (20 million options), Mr Beckwith (20 million options) and Mr Brans (5 million options). The Company also issued a further 27.5 million options to Mr Hale (20 million options), Mr Jurman (5 million options) and a consultant (2.5 million options). The options expire on 31 March 2025 and are exercisable at \$0.008 each.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Overview

The activities of the Company expose it to a variety of financial risks, including:

- market risk;
- credit risk; and
- liquidity and capital risks.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. Carnavale will use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The Australian dollar is the reporting currency for the Group and the functional currency for the parent company; however, during the financial year, the Group currently held foreign currency, namely US dollars. At period end, the Group did not have any foreign exchange risk that was material to the Group.

(ii) Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was nil.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Note	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Weighted average interest rate %
		\$	\$	\$	\$	
2023						
Financial assets						
Cash and cash equivalents	18(a)	846,050	-	73,135	919,185	2.32
Trade and other receivables	8	-	-	135,172	135,172	
		846,050	-	208,307	1,054,357	
Financial liabilities						
Trade and other payables	13	-	-	379,076	379,076	

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

	Note	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Weighted average interest rate %
		\$	\$	\$	\$	
2022						
Financial assets						
Cash and cash equivalents	18(a)	3,145,718	-	101,007	3,246,725	0.11
Trade and other receivables	8	-	-	190,259	190,259	
		3,145,718	-	291,266	3,436,984	
Financial liabilities						
Trade and other payables	13	-	-	527,022	527,022	

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

Consolidated	Profit or (Loss)		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
30 June 2023				
Variable rate instruments	15,184	(15,184)	15,184	(15,184)
Cash flow sensitivity (net)	15,184	(15,184)	15,184	(15,184)
30 June 2022				
Variable rate instruments	29,706	(29,706)	29,706	(29,706)
Cash flow sensitivity (net)	29,706	(29,706)	29,706	(29,706)

Financial assets

Trade receivables from other entities are carried at nominal amounts less any allowance for doubtful debts. Other receivables are carried at nominal amounts due. Interest is recorded as income on an accruals basis.

Financial liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the group.

Net fair value of financial assets and liabilities

The carrying amount of financial assets and liabilities approximates fair value because of their short-term maturity.

(iv) Commodity price risk

As Carnavale explores for a variety of minerals including gold, tin, nickel, copper and cobalt, it will be exposed to the risks of fluctuation in prices for those minerals. The market for all of these minerals has a history of volatility, moving not only with the standard forces of supply and demand, but also in the case of gold, to investment and disinvestment. Prices fluctuate widely in response to changing levels of supply and demand but, in the long run, prices are related to the marginal cost of supply.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and investment deposits. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group does not have significant exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity and capital risk

The Group's total capital is defined as the shareholders' net equity plus any net debt. The objectives when managing the Company's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Group does not have a target debt / equity ratio but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise. There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

If the Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the Group's financial liabilities into maturity groupings based on the remaining period from the balance date to the contractual maturity date.

2023	Within 1 year	Between 1 and 5 years	After 5 years
Financial liabilities	\$	\$	\$
Trade and other payables	379,076	-	-
Total Financial Liabilities	379,076	-	-

2022	Within 1 year	Between 1 and 5 years	After 5 years
Financial liabilities	\$	\$	\$
Trade and other payables	527,022	-	-
Total Financial Liabilities	527,022	-	-

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

23. INVESTMENT IN CONTROLLED ENTITIES

(a) Particulars in relation to subsidiaries

Entity	Country of incorporation	Equity holding	Equity holding	Class of Shares
		2023 %	2022 %	
Parent Entity				
Carnavale Resources Limited				
Subsidiaries				
Carnavale Petroleum Pty Ltd	Australia	100	100	Ord
Tojo Minerals Pty Ltd	Australia	100	100	Ord

(b) Risk exposure

Refer to Note 22 for information on the Group's and parent entity's exposure to credit, foreign exchange and interest rate risk.

24. 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 year, Carnavale operated in the mineral exploration industry in Australia and investing activities in Australia.

2023	Investing Australia \$	Mineral Exploration Australia \$	Eliminations \$	Consolidated \$
Business segments				
Revenue				
Other external revenue	35,220	20,000	-	55,220
Total segment revenue	35,220	20,000	-	55,220
Results				
Operating loss before income tax	(496,085)	(55,682)	621	(551,146)
Income tax benefit				98,537
Net loss				(452,609)
Assets				
Segment assets	1,089,986	7,889,921	-	8,979,907
Non-current assets acquired	-	1,901,802		1,901,802
Liabilities				
Segment liabilities	141,326	237,750	-	379,076
Other segment information				
Depreciation	618	-	-	618
Impairment of exploration and evaluation expenditure	-	30,508	-	30,508

CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

24. SEGMENT REPORTING (continued)

2022	Investing Australia \$	Mineral Exploration Australia \$	Eliminations \$	Consolidated \$
Business segments				
Revenue				
Other external revenue	3,348	-	-	3,348
Total segment revenue	3,348	-	-	3,348
Results				
Operating loss before income tax	(764,828)	(724,717)	813	(1,488,732)
Income tax benefit				76,114
Net loss				(1,412,618)
Assets				
Segment assets	3,474,124	6,018,002	-	9,492,126
Non-current assets acquired	1,545	3,255,939		3,257,484
Liabilities				
Segment liabilities	115,768	411,254	-	527,022
Other segment information				
Depreciation	466	-	-	466
Impairment of exploration and evaluation expenditure	-	707,157	-	707,157

25. PARENT ENTITY DISCLOSURES

(a) Summary financial information

Financial Position

	2023 \$	2022 \$
Assets		
Current assets	682,631	2,902,167
Non-current assets	7,998,111	6,178,702
Total assets	8,680,742	9,080,869
Liabilities		
Current liabilities	123,598	115,765
Total liabilities	123,598	115,765
Net assets	8,557,144	8,965,104
Equity		
Issued capital	39,660,291	39,571,955
Share-based payment reserve	3,019,733	3,019,733
Accumulated losses	(34,122,880)	(33,626,584)
Total equity	8,557,144	8,965,104

Financial performance

	2023 \$	2022 \$
Loss for the year after income tax	(496,296)	(1,412,618)
Total comprehensive loss	(496,296)	(1,412,618)

**CARNAVALE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

25. PARENT ENTITY DISCLOSURES (continued)

(b) Guarantees entered into by the parent entity in relation to the debts of its subsidiary

Carnavale Resources Limited has not entered into any guarantees in relation to the debts of its subsidiary.

(c) Contingent liabilities of the parent

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022 other than as disclosed in Note 20.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2023 (30 June 2022 – \$Nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

**CARNAVALE RESOURCES LIMITED
DIRECTORS' DECLARATION**

In the opinion of the Directors of Carnavale Resources Limited:

- (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- (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.
- (c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors made pursuant to s 295(5) of the Corporations Act 2001.

On behalf of the Board.



RON GAJEWSKI
Chairman

Dated this 28th day of September 2023
Perth, Western Australia

INDEPENDENT AUDITOR’S REPORT

To the Members of Carnavale Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Carnavale Resources Limited (“the Company”) and its controlled entities (“the Group”), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group’s financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of exploration and evaluation expenditure Refer to Note 11</p> <p>The Company has capitalised exploration and evaluation expenditure of \$7,883,671 as at 30 June 2023.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We obtained an understanding of the key processes and relevant controls

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of exploration and evaluation expenditure Refer to Note 11</p>	<p>associated with management’s review of the carrying value of exploration and evaluation expenditure;</p> <ul style="list-style-type: none"> - We obtained evidence that the Company has current rights to tenure of its areas of interest; - We considered the existence of any indicators of impairment; - We substantiated a sample of additions to exploration expenditure during the year; - We ensured that the Company had not decided to discontinue exploration and evaluation at any areas of interest; and - We ensured the adequacy of the disclosures made within the financial statements.

Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Carnavale Resources Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 September 2023



M R Ohm
Partner

**CARNAVALE RESOURCES LIMITED
SHAREHOLDER INFORMATION**

The shareholder information set out below was applicable as at 22 September 2023.

1. Distribution of holders of listed equity securities

Size of holding	Ordinary Shares	% of Securities issued
1 - 1,000	70	0.00
1,001 - 5,000	48	0.00
5,001 - 10,000	56	0.01
10,001 - 100,000	503	0.93
100,001 and over	1,320	99.06
	<u>1,997</u>	<u>100.00</u>

2. Voting rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present, who is a member or representative of a member shall have one vote and, on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options or performance rights have any voting rights.

3. Substantial Shareholders

An extract of the Company's register of substantial shareholders is set out below.

Shareholder	Number of Shares
Philip John Coulson	419,669,123
Vienna Holdings Pty Ltd and Redtown Enterprises Pty Ltd	198,910,227

4. Unmarketable parcels

As at 21 September 2023 there were 460 shareholders with unmarketable parcels of shares.

5. Top 20 shareholders (CAV)

The names of the twenty largest shareholders as at 22 September 2023, who hold 46.67% of the fully paid ordinary shares of the Company were as follows:

Name of holder	Number of Shares	Percentage held
1 Troca Enterprises Pty Ltd <Coulson Super A/C>	419,669,123	12.26%
2 Vienna Holdings Pty Ltd <The Ronjen Super A/C>	171,410,227	5.01%
3 Equity Trustees Limited <Lowell Resources Fund A/C>	115,500,000	3.37%
4 BNP Paribas Nominees Pty Ltd Acf Clearstream	110,150,971	3.22%
5 Penand Pty Ltd <Beckwith Super Fund A/C>	99,543,188	2.91%
6 Autumn Origin Capital Pty Ltd	89,043,276	2.60%
7 Mr Michael Patrick Lynch <Lynch Family A/C>	82,288,448	2.40%
8 Western Resources Pty Ltd	65,000,000	1.90%
9 Mr Kaide Wang	61,000,000	1.78%
10 Mr Michael Patrick Lynch	59,339,165	1.73%
11 Green Alpha Global Investment Pty Ltd	45,607,437	1.33%
12 Citicorp Nominees Pty Limited	39,649,441	1.16%
13 Spiceme Capital Pty Ltd	38,500,000	1.12%
14 Mrs Susan Maree Lynch <Susan Maree Lynch A/C>	36,500,000	1.07%
15 Cranley Consulting Pty Ltd <Cranley Consulting A/C>	32,136,364	0.94%
16 Well Forever Pty Ltd <Well Sf A/C>	31,730,788	0.93%
17 Jetosea Pty Ltd	29,400,000	0.86%
18 Wersman Nominees Pty Ltd	25,375,000	0.74%
19 Brennan Super (WA) Pty Ltd <Brennan Super Fund A/C>	23,194,440	0.68%
20 Comsec Nominees Pty Limited	22,680,000	0.66%
	<u>1,597,717,868</u>	<u>46.67%</u>

**CARNAVALE RESOURCES LIMITED
SHAREHOLDER INFORMATION**

6. Unquoted equity securities

Unquoted equity securities on issue at 22 September 2023 were as follows:

Class	Number	Number of Holders	Note
Unlisted Options exercisable at \$0.012 each on or before 30 November 2023.	70,000,000	4	1
Unlisted Options exercisable at \$0.007 each on or before 31 July 2023.	67,500,000	2	2
Unlisted Options exercisable at \$0.008 each on or before 31 March 2025	87,500,000	8	3

Note 1: Holders of more than 20% of this class of options:

Ron Gajewski	25,000,000 options.
Andrew Beckwith	25,000,000 options

Note 2: Holders of more than 20% of this class of options:

Argonaut Investments Pty Ltd	50,000,000 options
Golden Triangle Capital Pty Ltd	17,500,000 options

Note 3: Holders of more than 20% of this class of options:

Ron Gajewski	20,000,000 options.
Andrew Beckwith	20,000,000 options
Humphrey Hale	20,000,000 options

7. Securities subject to escrow

There are no ordinary shares subject to escrow.

**CARNAVALE RESOURCES LIMITED
ANNUAL MINERAL RESOURCES STATEMENT**

Annual Mineral Resources Statement

Review of Material Changes

In February 2019, a maiden JORC 2012 compliant Mineral Resource estimate was announced on the Grey Dam Ni-Co deposit. The estimate included all available historic drilling as well as 85 reverse circulation holes drilled by Carnavale during the 2018 calendar year. The total inventory for the Grey Dam Project now stands at 14.6 Mt at 0.75% Ni and 0.049% Co for 110,000t of nickel and 7,200t of cobalt.

There has been no change to the Mineral Resources at the Grey Dam Ni-Co deposit from June 2023 to June 2022.

Grey Dam June 2023 and June 2022 Mineral Resource Inventory

Domain	Class	Tonnes Mt	Ni %	Co %	Ni Metal Tonnes	Co Metal Tonnes
High Ni >0.5% Ni	Indicated	10.0	0.77	0.049	77,100	4,900
	Inferred	3.9	0.76	0.043	30,100	1,700
	Sub Total	14.0	0.77	0.048	107,300	6,700
Low Ni <0.5% Ni, >0.05% Co	Indicated	0.3	0.46	0.093	1,600	300
	Inferred	0.3	0.45	0.100	1,200	300
	Sub Total	0.6	0.46	0.092	2,800	600
Total >0.5% Ni or >0.05% Co	Indicated	10.4	0.76	0.050	78,700	5,200
	Inferred	4.2	0.74	0.047	31,300	2,000
	Sub Total	14.6	0.75	0.049	110,000	7,200

(Rounding discrepancies may occur in summary tables)

Governance and Internal Control

The Company's procedures for the sample techniques and sample preparation are regularly reviewed and audited by independent experts.

Assays are performed by independent internationally accredited laboratories with a QAQC program showing acceptable levels of accuracy and precision.

The exploration assay results database is maintained and appropriately backed-up internally.

The Mineral Resource estimate was undertaken independently by Payne Geological Services Pty Ltd.

COMPETENT PERSON STATEMENT

The information in this Annual Mineral Resources Statement is based on, and fairly represents information and supporting documentation prepared by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. The above annual mineral resources statement as a whole has been approved by Mr Humphrey Hale, who is a member of the Australian Institute of Geoscientists (AIG). Mr Hale is the Chief Executive Officer of Carnavale. Mr Hale has consented to the form and context in which the statement is presented in this report

Mr Hale has approved this Mineral Resources Statement as a whole and consents to its inclusion in the Annual Report in the form and context in which it appears.

In relation to Mineral Resources, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.

CARNAVALE RESOURCES LIMITED
SCHEDULE OF MINERAL CONCESSION INTERESTS

Group mineral concession interests at 22 September 2023

Concession name and type	Registered Holder	File Number	Carnavale's current equity interest	Maximum equity interest capable of being earned
Location: Australia				
Grey Dam Project, WA	Tojo Minerals Pty Ltd	M28/378, E28/1477	100%	100%
Kookynie Gold Project, WA	Tojo Minerals Pty Ltd (80%) Western Resources Pty Ltd (20%)	E40/355, P40/1380 and P40/1381 ¹	80%	80%
Kookynie Gold Project, WA	Tojo Minerals Pty Ltd	P40/1480	100%	100%
Kookynie Gold Project, WA	Tojo Minerals Pty Ltd	E40/394	100%	100%
Barracuda Project, WA	Tojo Minerals Pty Ltd	E58/551	100%	100%
Ora Banda Gold Project, WA	Western Resources Pty Ltd	P16/3081, P16/3082, P16/3077, P16/3000, P16/3001, P24/5274, P24/5275, P24/5276, P24/5277, P24/5278, P24/5279, P24/5280, P24/5281 and P24/5282 ²	80%	80%
	Tojo Minerals Pty Ltd	P24/5518, P24/5519, P24/5520, P24/5521, P24/5522 and P24/5523	100%	100%

* Carnavale has the right to earn up to this level on expending the funds stated in the relevant Agreements.

1. In July 2020, Carnavale secured an option with Western Resources Pty Ltd to earn 80% of tenements E40/355, P40/1380 and P40/1381. Under the terms of the agreement, Carnavale having explored the tenement area, elected to earn 80% of the tenements in July 2021 and paid \$250,000 in cash and issued 50 million fully paid Carnavale shares. Both parties have entered into a formal Joint Venture (“JV”) (CAV 80%, Western Resources 20%), where Carnavale will free carry Western Resources Pty Ltd to the completion of a Bankable Feasibility Study (BFS) and on completion of a BFS Western Resources Pty Ltd will be obliged to contribute to future costs on a pro-rata basis or be diluted, or alternatively elect to convert its 20% equity interest to a 1.5% NSR (“Royalty”) within 30 days of Carnavale notice of the completion of the BFS. Thereafter, no party to dilute to less than 10% equity in the Project, otherwise deemed to have no further interest and will assign the remaining interest to the other party.
2. In October 2020, Carnavale signed an exclusive and binding Option Agreement with Western Resources Pty Ltd to acquire 80% of the Ora Banda South Gold Project. Under the terms of the agreement, Carnavale having explored the tenement area, elected to earn 80% of the tenements in October 2022 and paid \$150,000 and issued 15 million fully paid Carnavale shares. Both parties have entered into a formal Joint Venture (“JV”) (CAV 80%, Western Resources 20%), where Carnavale will free carry Western Resources Pty Ltd to the completion of a Bankable Feasibility Study (BFS) and on completion of a BFS Western Resources Pty Ltd will be obliged to contribute to future costs on a pro-rata basis or be diluted, or alternatively elect to convert its 20% equity interest to a 1.5% NSR (“Royalty”) within 30 days of Carnavale notice of the completion of the BFS. Thereafter, no party to dilute to less than 10% equity in the Project, otherwise deemed to have no further interest and will assign the remaining interest to the other party.