



Grey Dam Ni-Co Drilling Commencement

Carnavale Resources Limited (ASX: CAV) is pleased to advise the Company has commenced a 5,000m RC drilling programme at its Western Australian Grey Dam Project after successfully completing a heritage survey and receiving formal programme of works approval.

Current 5,000m RC drilling programme aims to:

- Confirm and demonstrate continuity of the discrete Cobalt rich zones.
- Better define true thicknesses of the individual Cobalt and Nickel zones.
- Demonstrate the high-grade nature of the Cobalt mineralisation.
- Test for Scandium mineralisation.
- Allow for the resource estimate to be upgraded to JORC 2012 compliance.
- Test other prospective ultramafic areas for new mineralisation external to the resource area.
- Drilling expected to be completed during July.





At Grey Dam, the technical assessment of the existing shallow Ni-Co laterite resource (JORC 2004) and previous drilling data shows:

- The Ni-Co mineralisation occurs as shallow sub-horizontal supergene remobilized horizons.
- Cobalt forms discrete and shallow sub-horizontal and high-grade cobalt rich zone(s) within the larger and broader Ni horizon.
- The existing JORC 2004 resource estimate dilutes the true grade of the Cobalt rich zone(s) into the larger Ni wireframe, providing potential positive upside to define high grade cobalt mineralisation.
- Significant portions of the resource are based on earlier aircore drilling with coarse sampling parameters and the new drilling is expected to provide better grade and wireframe definition with an upgraded resource estimate to follow.
- Potential for Scandium mineralisation remains to be tested
- Metallurgical testwork is required to assess extraction processes. A low capex heap leach technique is a potential option.

Once the RC drilling has been completed and results assessed, Carnavale intends to undertake diamond core drilling of the Ni and Co rich zones for metallurgical testwork purposes. This testwork will focus initially on potential low capex heap leach extraction processes.

Follow-up drill testing of resource extensions and other Ni-Co anomalies will be planned subject to positive results from this drilling programme.

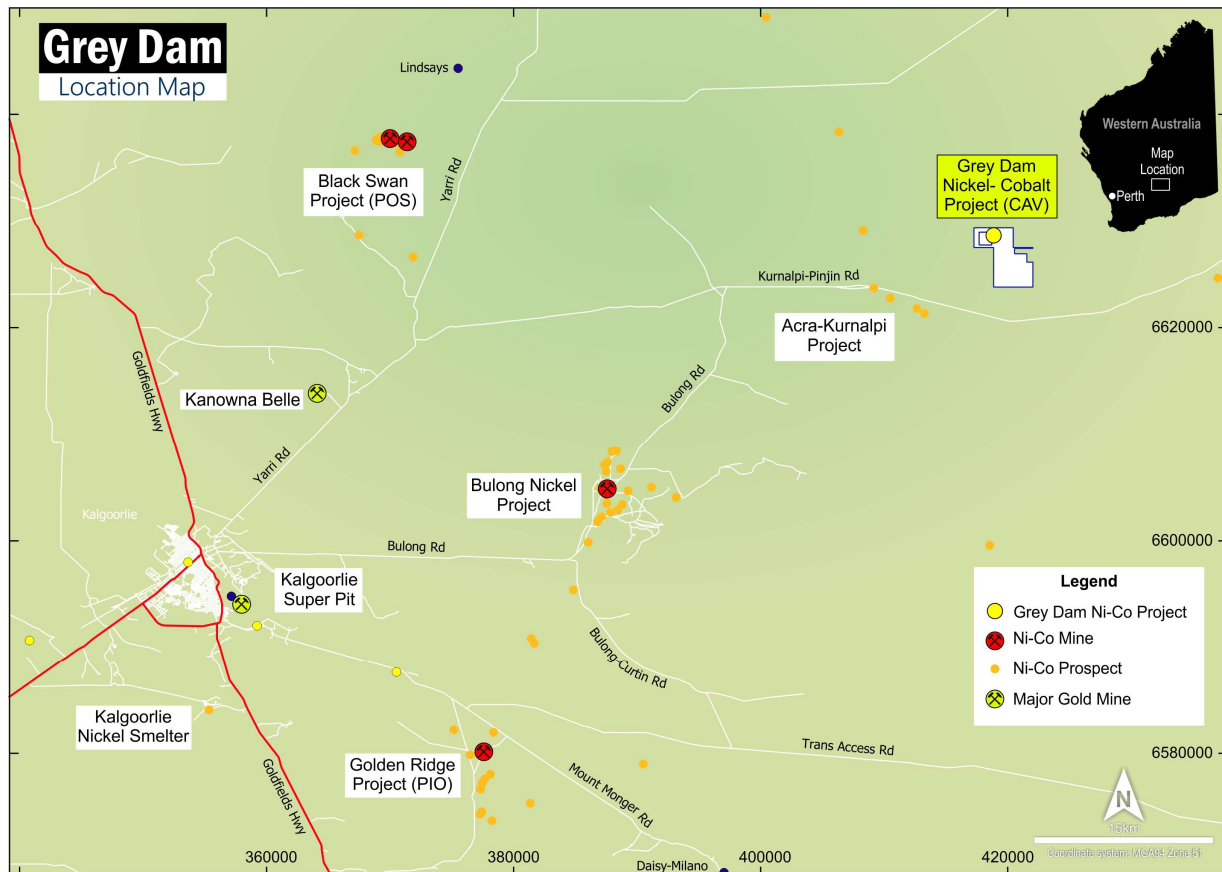


GREY DAM BACKGROUND

(Refer to “New Cobalt Acquisition in Western Australia”, 19 March 2018 – CAV ASX release)

The Grey Dam Project is located near Kurnalpi, approximately 90km northeast of Kalgoorlie, Western Australia (Figure 1). The project hosts a near surface laterite nickel-cobalt resource (non-compliant JORC 2004) together with encouraging deeper nickel-cobalt drilling intersections associated with fresh sulphide mineralisation within ultramafic sequences.

Figure 1 Grey Dam Nickel - Cobalt Project Location



SHALLOW HIGH GRADE COBALT

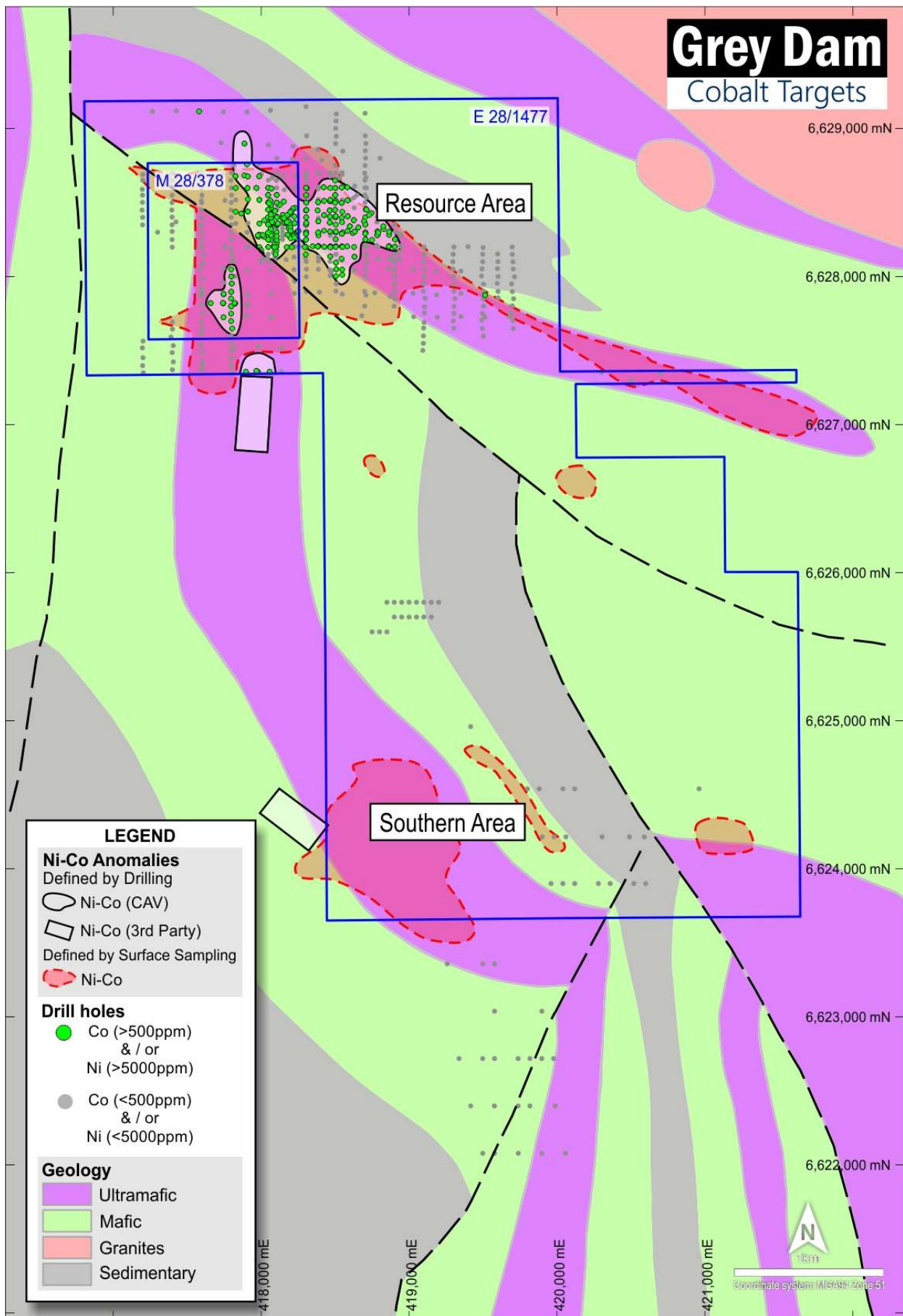
Previous drilling has highlighted a significant area of strong, shallow (<50m), Ni-Co laterite mineralisation within the northern portion of E28/1477 and M28/378 (Figure 2). The Ni-Co mineralisation occurs as remobilized sub-horizontal nickel and cobalt zones ranging from 3-30m thick and near surface to approximately 50m depth. Within this broader nickel zone, the cobalt mineralisation occurs as internal and discrete sub-horizontal horizon(s) closer to surface at approximately 10-30m depth.

An important aspect of the previous resource estimate is that the cobalt grade has been significantly diluted to a lower grade within the broader nickel domains. Planned drilling aims to improve the definition of the Ni-Co mineralisation and better define the higher-grade tenor of the Co zones that will enable a new JORC 2012 compliant mineral resource to be completed.

The Company considers the shallow high-grade cobalt and nickel mineralisation has potential for a significant resource to be defined with additional exploration upside from untested anomalies to the south on E28/1477. The shallow nature of the mineralisation may provide a rapid pathway to subsequent mining and Ni-Co production.



Figure 2 Grey Dam Ni and Co Anomalies





References

“New Cobalt Acquisition in Western Australia”, 19 March 2018 – CAV ASX release

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Competent Person Statement

The information in this report that relates to the Grey Dam project is an accurate representation of the available data and studies for the Grey Dam Project and has been previously reported. This information has been reviewed by Mr Andrew Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Beckwith is a director of Carnavale. Mr Beckwith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves”. Mr Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.