



June 2018 Quarterly Activities Report

Carnavale Resources Limited ("CAV" or "the Company") reports on activities completed during the quarter to 30 June 2018.

Grey Dam Co-Ni Project, Australia (100%)

- Acquisition completed.
- Native title heritage survey successfully completed.
- Detailed review of previous 2004 JORC resource undertaken, highlighting requirement for more detailed drilling and sampling to better define the cobalt horizon boundaries and overall grade.
- High grade cobalt rich zones frequently >0.12% Co in previous drilling.
- **5,095m RC drilling completed** subsequent to the Quarter end, with all results pending.
- Resource update planned during September quarter.

Kikagati Tin (Sn) Project, Uganda (earning 70%)

- Technical on-site inspection undertaken by CAV geologist and contract geological team.
- Detailed mapping and sampling programme recently completed. Samples to be sent to Perth laboratory with results expected early September.
- Extensive artisanal workings over 2,500m x >100m wide.
- 2 styles of mineralisation observed.
 - Coarse grained cassiterite mineralisation associated with structurally controlled stacked quartz veins hosted by competent quartzite units.
 - Bedding parallel mineralisation within possible shear zone previously targeted by historic British and artisanal mining provides significant upside potential.
- Positive legal due diligence completed, subsequent to the quarter.
- Diamond drilling program to be planned upon receipt of sampling results.

Corporate

- The cash balance at the end of the quarter is \$1.90 million.



Carnavale's strategy is to acquire and explore high quality advanced exploration and development projects prospective for strategic minerals associated with the rapidly increasing demand within the electric battery sector and other new-age disruptive technologies, together with the gold and copper resource sector.

GREY DAM Co-Ni PROJECT (100% CAV)

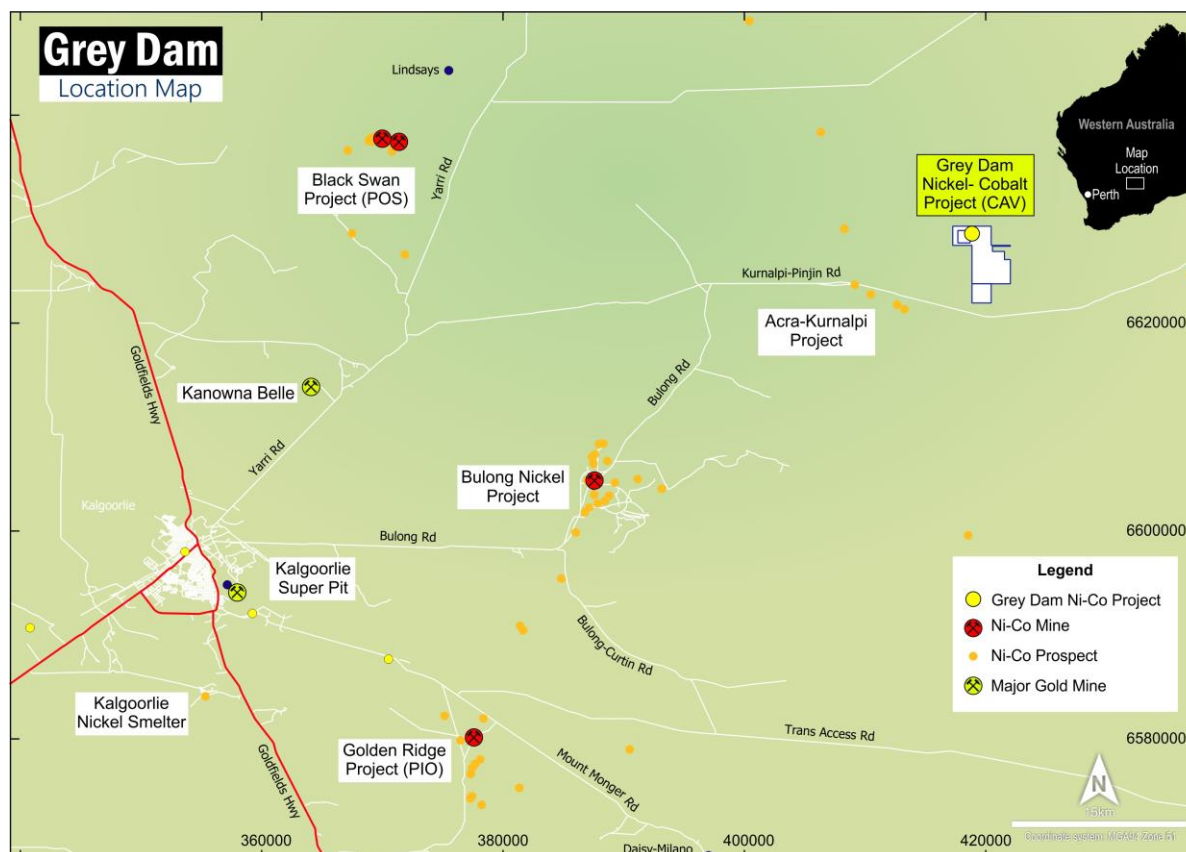
The Grey Dam Project is an advanced Ni-Co project located approximately 90km northeast of Kalgoorlie, Western Australia (Figure 1). The project hosts a previous JORC 2004 compliant Ni-Co resource which the company intends to update to JORC 2012 compliance during the September quarter.

The mineralisation occurs as a broad sheet like orebody comprising a broad (up to 30m thick) Ni horizon with a narrower sheet of cobalt mineralisation internal to the Ni horizon. Detailed review of past drilling indicates the resource was defined by limited RC and extensive areas of aircore drilling and that large portions of the aircore drilling was sampled on a broad 4m basis. The effect of this broad sampling is that it causes dilution of the actual grades by the inclusion of non mineralised portions. Carnavale's assessment has resulted in additional RC drilling being planned and completed to better define the geological wireframes and more accurately estimate the grade of both the Ni mineralisation and more importantly the expected higher-grade nature of the internal Co zones.

A heritage survey was successfully completed during the quarter and programme of works (PoW) submitted to the Mines Department. The PoW was granted late June and earthworks and drilling commenced on 10 July 2018.

The RC drilling programme comprised of vertical holes for an average depth of 56m for a total advance of 5,095m. Systematic sampling and geological logging has been completed on a 1m basis with results expected in early September 2018. Drilling focused on the "Resource Area straddling E28/1477 and M28/378.

Figure 1 Grey Dam Nickel - Cobalt Project Location

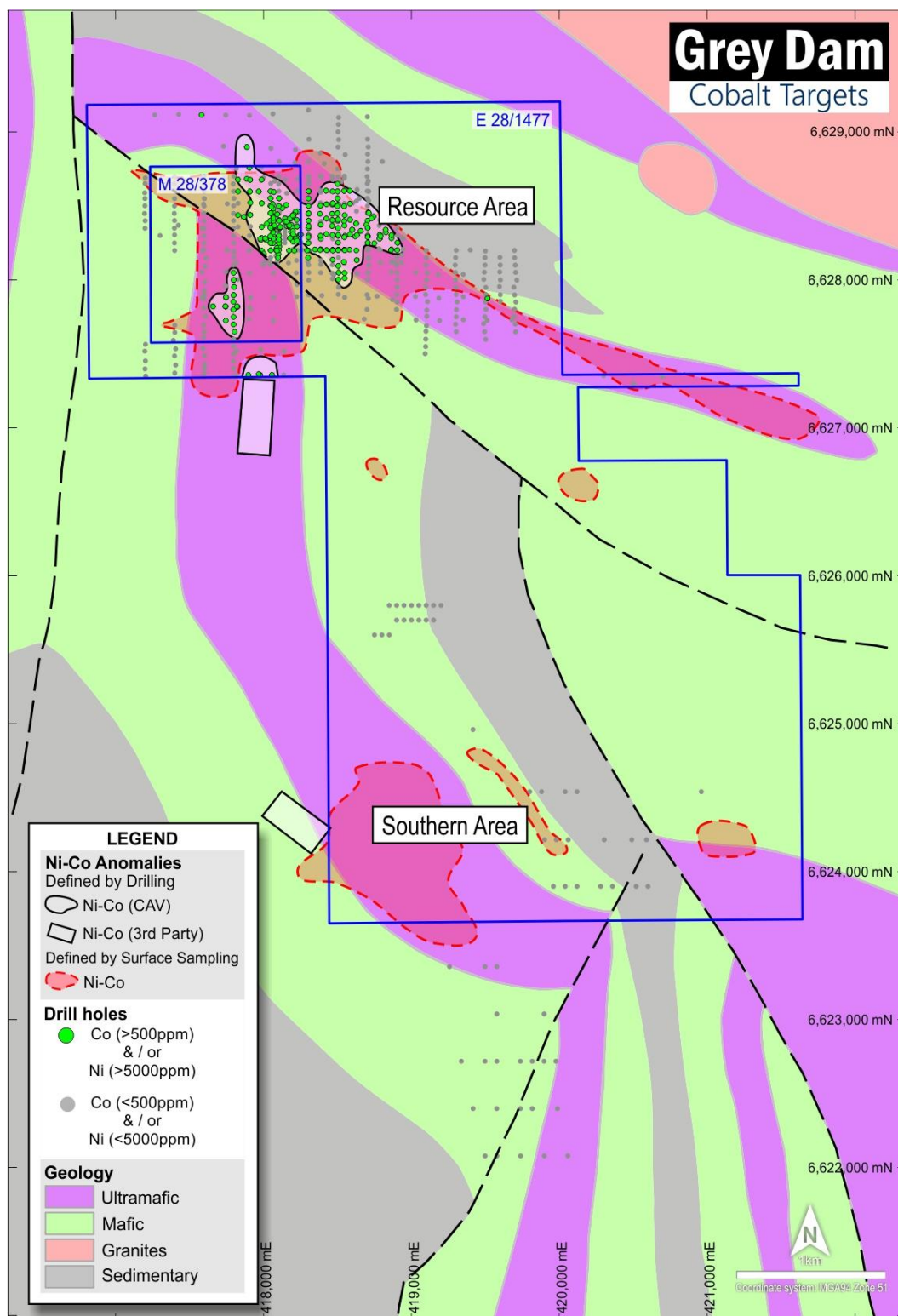




Upon receipt of the drilling results, Carnavale intends to update the resource to JORC 2012 and commence metallurgical assessment for the potential extraction of the higher-grade cobalt. Initial investigations will assess the potential for low capital heap leach processing techniques.

The potential economics will be driven by recoveries of both cobalt and nickel and should also be aided by the shallow depths to mineralisation (5-30m from surface) and the inherent low strip ratio expected from the shallow flat lying mineralisation.

Figure 2 Grey Dam Nickel - Cobalt Project





Kikagati Tin Project, Isingiro region Uganda

Legal due diligence has recently been completed on the holding company African Panther Resources Uganda (APRU) and the project tenements to the satisfaction of Carnavale. Field inspection was also completed by Carnavale director and geologist, Andy Beckwith. From this inspection, detailed geological mapping and sampling of the various mineralisation styles was undertaken. The sampling programme has recently been completed and samples are in the process of being transported to Perth for analysis. All results remain pending and will be reported when received.

The geological inspection has confirmed extensive artisanal workings over a continuous 2.5km of strike and approximately 100 to 200m across strike. The artisanal workings are mostly focused on the more obvious west dipping quartz veins hosted by the east dipping quartzite units. These quartz veins occur as a series of ladder veins from 0.5m to 3m wide within the quartzite units and are interpreted to have formed during a layer parallel shearing event around the time of granite emplacement. The mineralizing fluids are interpreted to have been emplaced at the same time as a major granite body was intruded into the rocks to the immediate south of the prospect area. Inspection of the various workings also highlights the potential for a layer parallel unit approximately 2-10m thick, locally called the “yellow band”. The yellow band appears to have been targeted by more substantial adits and mining by the British and Russians over 50 years ago and have since collapsed or been sealed. Research on very limited historical reports suggests this unit was targeted and mined along a series of underground adits and drives, as well as the thicker selected quartz veins in the quartzite. The detailed mapping has traced this unit at surface over at least 1km of the southern area of the prospect and is also seen in a small adit further along strike to the north and in various artisanal workings.

To date, Carnavale cannot find any evidence that any previous drilling has been carried out on the project. The Company is encouraged by the 2 differing styles of mineralisation and lack of previous drilling. The Company expects to report the assay results of the mapping and sampling in early September 2018. Drilling contractors are currently being sourced and quotes prepared.

Figure 3 Kikagati Tin Project – general view of artisanal workings





Figure 4 Kikagati Tin Project – General view of artisanal workings on a quartz vein





Figure 5

Kikagati Tin Project – General view of artisanal workings along the Yellow Band



LAKE ROE Au PROJECT (100% CAV)

No field activities were undertaken on the project during the quarter.

CORPORATE

The cash balance at the end of the quarter is \$1.90 million.

For further information contact:

Ron Gajewski

Chairman

P: +61 8 9380 9098

Andrew Beckwith

Director

P: +61 8 9380 9098



Carnavale Competent Person Statement

The information in this report that relates to the exploration results is an accurate representation of the available data and studies for the project. This information has been assessed and 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.

Information relating to Previous Disclosure

Information relating to Exploration Results and Mineral Resources associated with previous disclosures relating to the Grey Dam Project and the Kikagati Project in this announcement has been extracted from the following ASX announcements:

- ASX announcement titled “New Cobalt Acquisition in Western Australia” dated 19 March 2018; and
- ASX announcement titled “Carnavale to Acquire Large-Scale Tin Project, Uganda” dated 23 April 2018.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

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.

**Appendix 1**

Carnavale Resources Limited (ASX: CAV) provides the following addendum in relation to additional information required by Listing Rule 5.3.3.

Schedule of Mining Tenements, Beneficial Interests and agreements

Held as at the end of the Quarter

Project/Location	Country	Tenement	Percentage held/earning
Roe Project – Western Australia	Australia	EL 28/2303	100%
Grey Dam Project – Western Australia	Australia	M28/378 E28/1477	100%
Kikagati Project	Uganda	ML1433, EL1548, EL1380, EL 1771, EL1772, TN2577, TN2584	Earning up to 70%*

Schedule of Mining Tenements, Beneficial Interests and agreements

Acquired during the Quarter

Project/Location	Country	Tenement	Percentage held/earning
Grey Dam Project – Western Australia	Australia	M28/378 E28/1477	100%
Kikagati Project	Uganda	ML1433, EL1548, EL1380, EL 1771, EL1772, TN2577, TN2584	Earning up to 70%*

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

Schedule of Mining Tenements, Beneficial Interests and agreements

Disposed of during the Quarter

Project/Location	Country	Tenement	Percentage held/earning