



September 2018 Quarterly Activities Report

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

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

- Large scale tin target 2.5km long and between 100-200m wide confirmed by mapping
- Positive technical, legal and corporate due diligence completed
- **Diamond drilling contractor recently arrived on site**
- **2,000m diamond drilling programme underway and is expected to be completed in December 2018**

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

- 5,095m RC drilling completed during the Quarter, with all results received.
- Strong Ni and Co domains defined from surface, up to 44m thick within area 1.2km x 1.0km.
- Distinct Co mineralisation up to 29 m thick occurs overlapping the high-grade Ni (>1.0% Ni) zones.
- Second laterite Ni-Co target remains untested.
- **Resource update planned during December quarter.**
- Metallurgical testwork and assessment of Ni-Co-Cu sulphide potential planned.

Selected high-grade new drill intercepts for Ni and Co domains include:

Nickel (Ni) domain

44m @ 1.00% Ni from 10m
7m @ 1.38% Ni from 11m
10m @ 1.16% Ni from 22m
19m @ 1.25% Ni from 20m
25m @ 1.16% Ni from 10m

Cobalt (Co) domain

5m @ 0.23% Co from 12m
3m @ 0.27% Co from 24m
3m @ 0.26% Co from 13m
5m @ 0.22% Co from 16m
3m @ 0.23% Co from 5m



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.

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

The Kikagati Tin project is a large-scale walk-up drill target that has never been previously drill tested. The drilling target has intense artisanal surface and shallow underground workings over a strike length of over 2.5km and over widths of up to 200m. Mapping shows the tin mineralisation occurs generally as coarse cassiterite associated with a series of stacked quartz-muscovite-tourmaline veins within a sequence of component quartzite units with finer grained interbeds. The quartzite sequence dips approximately 45 degrees to the east and the mineralised quartz veins are perpendicular to the individual quartzite units and range from less than 1m to 4m in width. Mapping has also identified several layer parallel structures/units which are highly altered from extensive hydrothermal fluids that may also host tin mineralisation.

During the quarter, due diligence was completed to Carnavale's satisfaction and has confirmed the project represents an exciting large-scale exploration drill target with potential to define a significant tin resource.

Significant resource potential

Importantly, the large dimensions of the known shallow artisanal workings and associated mapped prospective quartzite sequence defines a large target with significant resource potential. The target is supported by historic British (and possibly Russian) mining adits completed approximately 60 years ago and a recent alluvial mining operation and existing small plant.

Overall, the project is well located with a good quality sealed bitumen road from the capital city of Kampala all the way to the project, existing regional power supply to the small processing plant, excellent water supply from the bordering Kagera River with an "in stream" turbine power plant currently under construction within 2km of the project. The quality infrastructure near the project is considered positive for any future mine development.

2,000m Diamond drilling programme commences

Carnavale plans to drill test the 2.5km long ridge with a programme of diamond drill holes targeting beneath the artisanal workings. The drilling aims to test for tin mineralisation hosted in the more obvious and outcropping perpendicular quartz veins within the quartzite units and also the less obvious potential for mineralisation hosted in the prospective layer parallel structures.

The planned programme, comprising 10 diamond holes designed as 5 fences spaced approximately 400-500m along the strike with two diamond holes per fence. Due to the east dip of the beds, perpendicular nature of the tin hosting quartz veins and steep drill rig access, the diamond holes are planned to be drilled steep and oblique to the quartzite unit to provide complete coverage of the overall quartzite sequence to test for the layer parallel structures/horizons and also aiming to intersect the quartz veins obliquely through the individual quartzite units.

All the drilling pads have been prepared and the diamond rig has recently arrived on site. The first drill hole (Figure 1) has commenced targeting the south eastern limit of the workings and in an area where the British had previously been underground mining from shallow adits. A second diamond rig is expected to arrive on site in the coming weeks to speed up drilling after a delayed commencement.

Carnavale may earn an initial 51% equity in APRU, the 100% owner of the Kikagati (Isingiro) Project tenements, by completing the initial 2,000m of diamond drilling (refer to ASX release "Carnavale to Acquire Large-Scale Tin Project, Uganda" 24 April 2018). APRU have additionally agreed to extend the timeframe to complete the drilling to 15 December 2018.



Figure 1 Diamond drilling underway at Kikagati Tin Project, Uganda
(Note the quartzite unit dipping towards the rig and quartz veins outcropping along ridge)





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. The project hosts a previous JORC 2004 compliant Ni-Co resource which the company intends to update to JORC 2012 compliance during the December quarter based on the positive drill results received from the July 2018 infill and extensional RC drilling programme.

The Ni-Co mineralisation occurs as a broad sheet like orebody comprising a flat lying Ni horizon (up to 44m thick) with a shallower flat lying sheet of cobalt mineralisation overlapping the nickel horizon. A higher grade (>1.0% Ni) nickel zone occurs within the broader nickel domain and is closely related to the cobalt horizon due to the weathering profile.

The recent RC drilling programme commenced in early July 2018, after completing a successful heritage survey the previous quarter and receiving programme of works (PoW) approval from the Mines Department.

Encouraging positive RC drilling results (Table 1) were received and have substantially confirmed, improved and expanded the known Ni-Co mineralisation at Grey Dam.

The RC drilling has successfully:

- Confirmed continuity of the discrete and shallow Cobalt rich zones.
- Demonstrated the high-grade nature of the discrete Cobalt mineralisation.
- Confirmed the overall broad Nickel domain and defined a significant volume of internal higher grade (>1%Ni) mineralisation
- Extended mineralisation to the south along the north south trending ultramafic sequence.

RC Drilling Programme

The RC drilling programme comprised of vertical holes to a nominal target depth of 60m with a total programme advance of 5,095m. Systematic sampling and geological logging was completed on a 1m basis. The drilling focused on infilling the previous resource area and immediate along strike extensions (Figure 2) within E28/1477 and M28/378. This drilling is expected to enable the resource to be updated to JORC 2012 compliance with improved resource classifications.

The new RC drilling has systematically infilled previous drilling so that the deposit now has consistent nominal spacing of RC drilling on a 50m x 100m basis with earlier infill drilling also infilling on the intervening 50m sections. Overall drill density is now defined on essentially a 50m x 50m basis which provides increased support for a new Mineral Resource estimate, including improved classification and stronger definition of the internal high-grade nickel and cobalt domains.

The drilling has demonstrated a strong Nickel domain up to 44m thick from surface. Internal to this Ni domain, higher grade nickel (>1% Ni) forms a consistent and strong horizon throughout most of the deposit. Overlapping this high-grade Ni domain, is a distinct cobalt rich domain similarly commencing from near surface to a maximum depth of approximately 30m. Figure 3 is an example of the overall nickel domain, internal high-grade Ni zone and overlapping Co domain.

The Ni-Co mineralisation is hosted within the highly weathered laterite profile with the bulk of the mineralisation hosted in the upper saprolite and soft clay portion of the profile. The potential for a shallow low strip ratio open pit is considered favourable subject to a suitable extraction process being evaluated.



Table 1 Selected high-grade new RC drill intercepts for Ni and Co domains include:

Nickel (Ni) domain	Cobalt (Co) domain
8m @ 1.22% Ni from 33m	10m @ 0.14% Co from 8m
12m @ 1.12% Ni from 27m	5m @ 0.23% Co from 12m
44m @ 1.00% Ni from 10m	5m @ 0.18% Co from 24m
7m @ 1.38% Ni from 11m	3m @ 0.27% Co from 24m
10m @ 1.16% Ni from 22m	5m @ 0.19% Co from 16m
16m @ 1.06% Ni from 34m	3m @ 0.15% Co from 24m
19m @ 1.08% Ni from 16m	12m @ 0.14% Co from 23m
26m @ 1.05% Ni from 15m	7m @ 0.14% Co from 15m
19m @ 1.25% Ni from 20m	3m @ 0.26% Co from 13m
15m @ 1.10% Ni from 15m	14m @ 0.16% Co from 10m
17m @ 1.13% Ni from 11m	8m @ 0.15% Co from 16m
25m @ 1.16% Ni from 10m	5m @ 0.22% Co from 16m
23m @ 1.12% Ni from 13m	3m @ 0.23% Co from 5m

Figure 2 Grey Dam Nickel - Cobalt Project Location

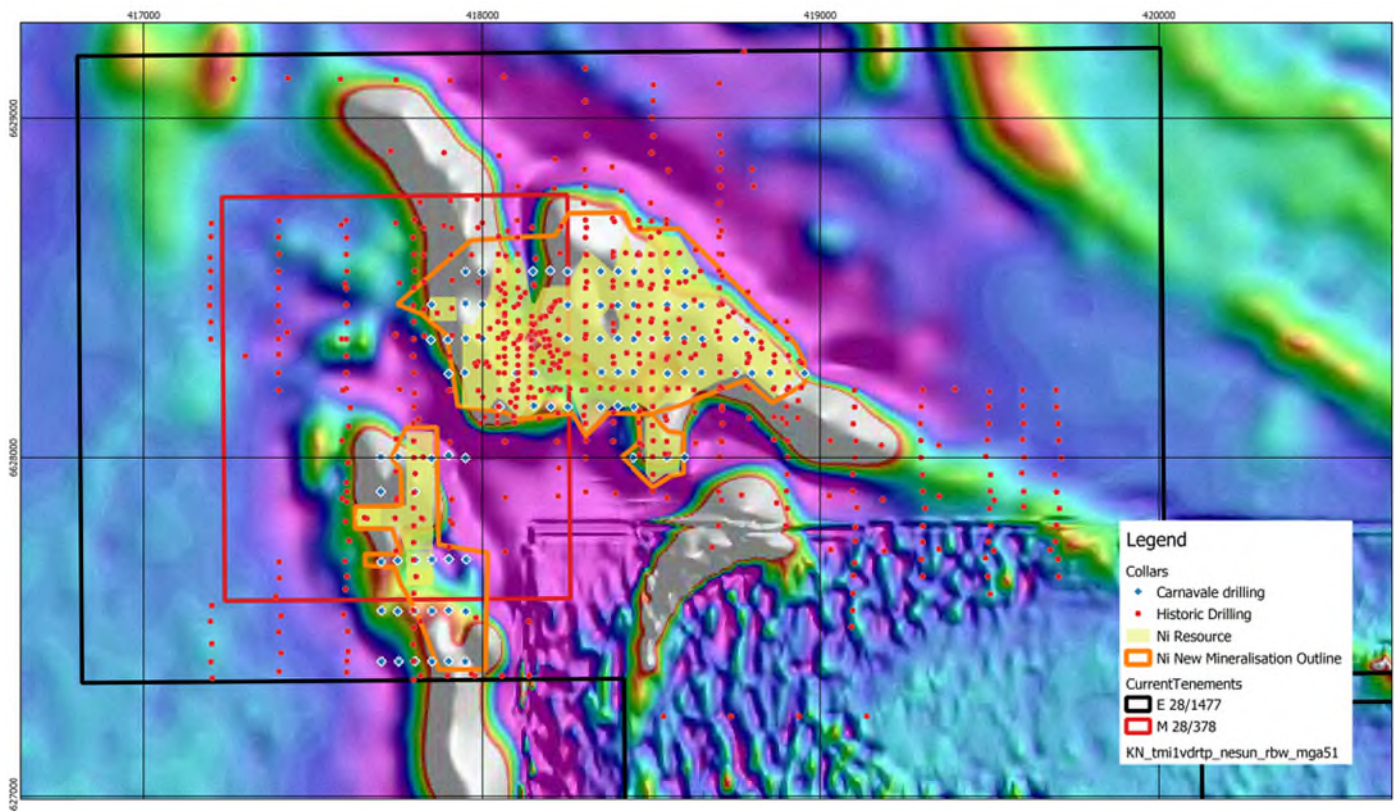
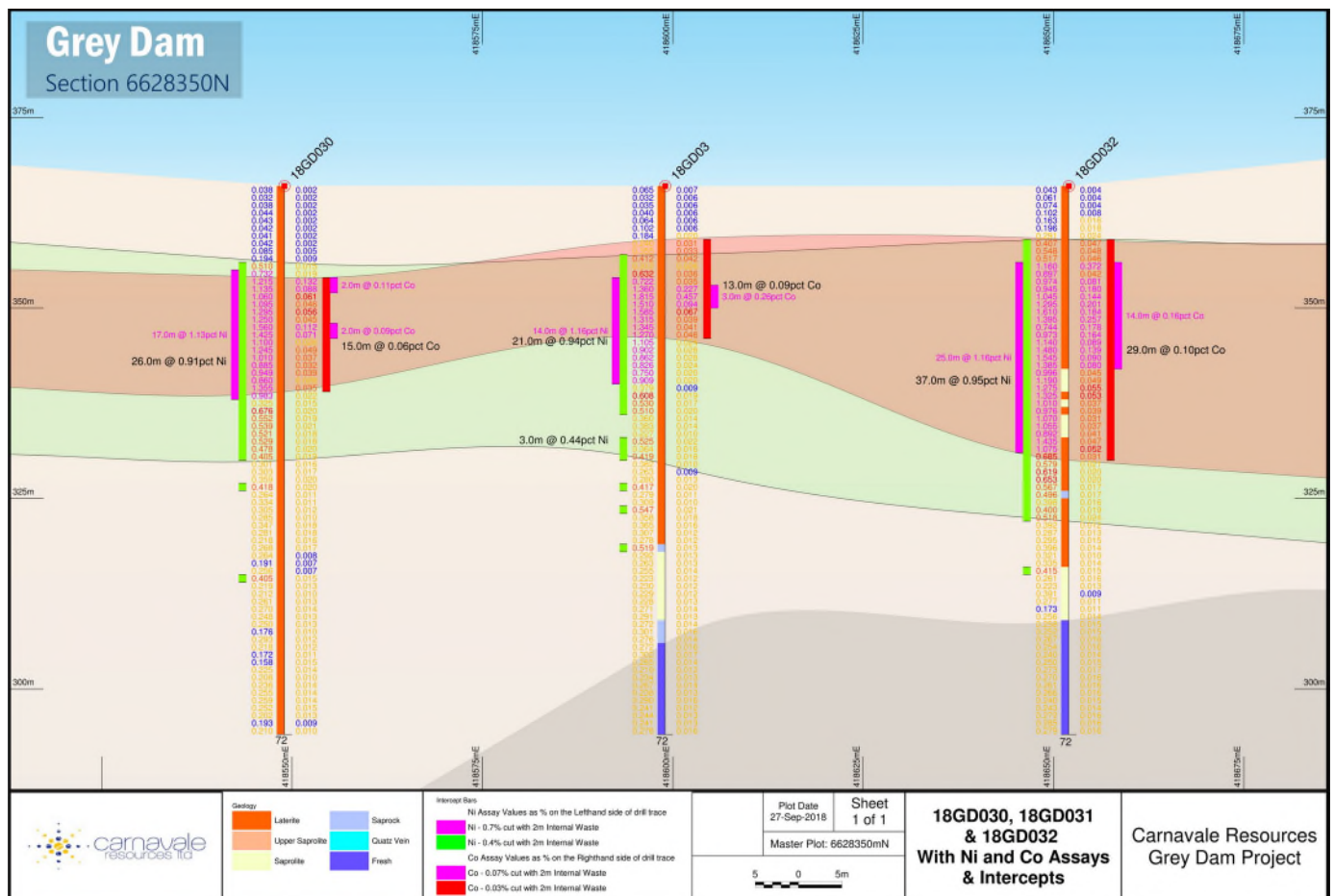




Figure 3 High grade Ni mineralisation and discrete Co horizon.



Planned Forward Programme

The Company considers there is a significant body of shallow laterite Ni-Co mineralisation at Grey Dam with further exploration upside. The strong Ni and Co mineralisation is considered to represent a significant commercial development opportunity, subject to defining a suitable low-cost mining operation and processing facility. The critical aspect to achieve this possible mining operation will be subject to defining a suitable low-cost extraction process. Accordingly, the future work programmes include:

- Mineral Resource estimate to JORC 2012 compliance;
- Metallurgical and comminution test work on the mineralisation to determine possible processing pathways; and
- Economic scoping study, subject to positive metallurgical results.

The project is also prospective for deeper sulphide hosted Ni-Co-Cu mineralisation in fresh bedrock as highlighted by a number of limited deeper historic drilling intersections. The project hosts over 4km of prospective ultramafic sequence which requires further assessment. Future work programmes include:

- Assessment of all past exploration data, including geophysics
- Potential new EM geophysical survey targeting specific drill targets
- Drill testing of priority targets.



Figure 4 RC drill rig at Grey Dam Nickel - Cobalt Project





CORPORATE

In August 2018, Carnavale, following receipt of shareholder approval on 26 July 2018 issued 6 million shares at 1.7 cents each to nominees of directors, Mr Gajewski and Mr Beckwith raising \$102,000.

In August 2018, Carnavale issued 10 million shares and paid US\$50,000 to parties associated with facilitating the Kikagati Project transaction. None of the parties are related parties of CAV.

The cash balance at the end of the quarter is \$1.38 million.

For further information contact:

Ron Gajewski

Andrew Beckwith

Chairman

Director

P: +61 8 9380 9098

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:

- New Cobalt Acquisition in Western Australia dated 19 March 2018
- Carnavale to Acquire Large-Scale Tin Project, Uganda, dated 23 April 2018
- Carnavale advances Kikagati Tin project Uganda, dated 30 August 2018
- High grade Nickel-Cobalt defined at Grey Dam, dated 10 October 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
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

Acquired during the Quarter

Project/Location	Country	Tenement	Percentage held/earning

Schedule of Mining Tenements, Beneficial Interests and agreements

Disposed of during the Quarter

Project/Location	Country	Tenement	Percentage held/earning
Roe Project – Western Australia	Australia	EL 28/2303	100%