



June 2019 Quarterly Activities Report

Carnavale Resources Limited (“CAV” or “Carnavale”) reports on activities completed during the quarter to 30 June 2019.

The Company is exploring for high demand metals, such as tin, nickel and cobalt, to supply the increasing demand for technology metals consumed in the rapidly growing batteries, electric motors and electronics industry.

Exploration is focussed on demonstrating the large Tier 1 potential at the Kikagati Tin Project in southern Uganda and the discovery of Ni-Co-Cu Sulphide mineralisation at the Grey Dam Project near Kalgoorlie, Australia.

Kikagati Tin (Sn) Project, Uganda

- Carnavale progressing to 51% ownership with rights to earn 70% over the next 5 years
 - Required 2,000m of diamond drilling completed under Option to Earn-In Agreement
- Large scale outcropping tin project with “Tier 1” potential

Main Kikagati Hill - 3,000m strike x 100m width x 900m down dip and remains open

- Mineralised along entire strike length demonstrated by extensive artisanal mining
- Priority assay results confirmed high grade tin mineralisation from 0.4% to 10% Sn
- Tin mineralisation hosted in multiple stacked quartz veins
- Further drilling results expected in September 2019 quarter
- Further drilling planned for 2HY2019

Hippo Hill - 1,500m strike x 100m wide corridor

- First ever diamond drilling and trenching completed with results pending
- Coarse grained cassiterite identified associated with corridor of quartz vein stockwork.

Grey Dam Nickel-Cobalt (Ni-Co-Cu) Project, Australia

- Secured option to acquire 80% of adjacent tenement E28/2587
- Surface EM survey and drill targeting to be completed in 2HY2019

Corporate

- Placement completed in May 2019 raising \$225,000
- Rights issue completed subsequent to quarter end raising \$1.169 million



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

Kikagati Hill

- Quartz veins show tin grades from 0.4% to 10% Sn and average 1.2% Sn
- Large scale target dimensions (Tier 1)
- Vein density ranging from 14 - 22% by volume
- Significant open pit potential from surface

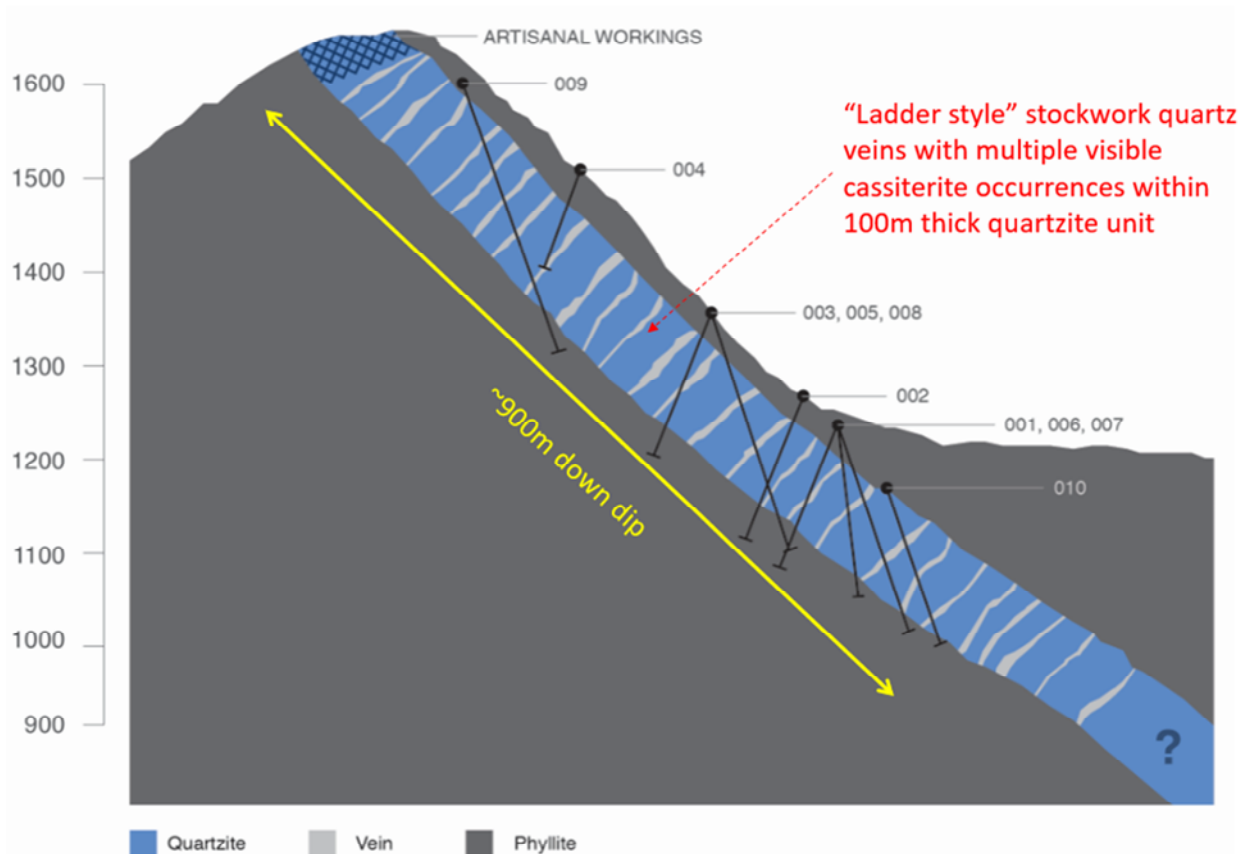
In May 2019, priority assay results confirmed high grade tin mineralisation from 0.4% to 10% Sn associated with multiple stacked quartz veins in the projects first ever drilling program. These initial drilling results are considered a major milestone in demonstrating the Tier 1 potential of the project.

To date the company has been carrying out wide spaced diamond drilling to show the extensive strike length of outcropping mineralised quartz veins continue at depth and along the entire 3,000m strike length. Overall project dimensions provide scope to define a large-scale deposit (Tier 1).

Dimensions 3,000m strike length x 900m down dip x 100m thickness

The mineralised quartz veins are hosted in a quartzite unit(s) up to an overall thickness of 100m with quartz vein densities ranging from 14% to 22% by volume (Figure 1). The dimensions and mineralisation potential are strongly supported by continuous and extensive artisanal workings along the entire 3,000m strike length to an estimated depth of 30m. Tin, in the form of the mineral cassiterite (SnO₂) continues to be hand mined from the deposit by artisanal miners.

Figure 1 Composite schematic cross section illustrating drilling completed over approximately 2,500m of strike length and demonstrating 900m down-dip mineralisation potential



A total of 10 diamond core holes for 1,695m have been completed at the main Kikagati Hill. The drill core shows the stacked ladder style of quartz veins seen at surface and within the numerous shallow artisanal

workings are hosted within a thick quartzite unit(s) approximately 100m thick (Fig 1). Shearing is also evident internal to the quartzite unit and parallel to bedding. This shearing with extensive alteration is interpreted to represent the main fluid pathway for the mineralisation from nearby granite intrusion seen approximately 2km to the south.

The quartzite unit(s) are bounded by phyllites and extend for 3,000m along a prominent hill and forms a steep 400m high hill created by the 45° dip slope. This geometry is potentially conducive to simple open pit mining methods with a low strip ratio and low overburden to the host quartzites.

The tin mineralisation occurs as very coarse grained cassiterite with crystals ranging from 1mm to 60mm in drilling through to 40cm in previous hand-specimens taken from the workings. The mineralisation occurs within a stockwork of stacked “ladder style” quartz veins and is associated with intense muscovite and tourmaline alteration.

Seventy-four (74) priority samples have been assayed, during the quarter, covering a range of alteration, mineralised quartz veins and host rock types. The results were encouraging with Table 1 highlighting tin grades from samples containing quartz veining and visible cassiterite. Figure 2 shows the anomalous tin results in 5 of the 10 drill holes.

Table 1 Samples with quartz veins and visible cassiterite logged in drill core

| HoleID | SampleID | From (m) | To (m) | Sn (PPM) | Sn (%) | Lithology |
|---------|----------|----------|--------|---------------|--------------|-------------|
| KKDD003 | A7296 | 109.04 | 109.23 | 4,180 | 0.418 | Quartz vein |
| KKDD006 | A7465 | 87 | 87.4 | 1,850 | 0.185 | Quartz vein |
| KKDD006 | A7475 | 95.4 | 96 | 60 | 0.006 | Quartz vein |
| KKDD006 | A7476 | 96 | 96.35 | 6,970 | 0.697 | Quartz vein |
| KKDD006 | A7498 | 132.4 | 132.7 | 6,890 | 0.689 | Quartz vein |
| KKDD007 | A7533 | 125.27 | 125.57 | 130 | 0.013 | Quartz vein |
| KKDD007 | A7534 | 125.57 | 126 | 4,730 | 0.473 | Quartz vein |
| KKDD007 | A7589 | 176.85 | 177.35 | 16,700 | 1.67 | Quartz vein |
| KKDD007 | A7597 | 184.31 | 184.53 | 9,020 | 0.902 | Quartz vein |
| KKDD007 | A7610 | 201.35 | 201.46 | 130 | 0.013 | Quartz vein |
| KKDD009 | A7743 | 102.27 | 102.51 | 220 | 0.022 | Quartz vein |
| KKDD009 | A7744 | 102.51 | 102.76 | 9,610 | 0.961 | Quartz vein |
| KKDD009 | A7751 | 117.87 | 118.01 | 99,600 | 9.96 | Quartz vein |
| Average | | | | 12,315 | 1.23 | |

The average tin grade of the quartz veins with visible cassiterite averages 1.23% Sn using a zero lower cut-off grade and 1.8% Sn using a 0.1% Sn lower cut-off grade. The cassiterite is highly nuggetty by nature which implies all quartz veins have potential to host tin mineralisation, even if no significant mineralisation was reported in a sample. In general, the visible cassiterite noted in the core and mapped in the artisanal workings occurs along the margins of the quartz veins and within the intense muscovite-tourmaline alteration selvages. Occasionally, and generally as larger crystals, cassiterite is evident within the actual quartz vein.

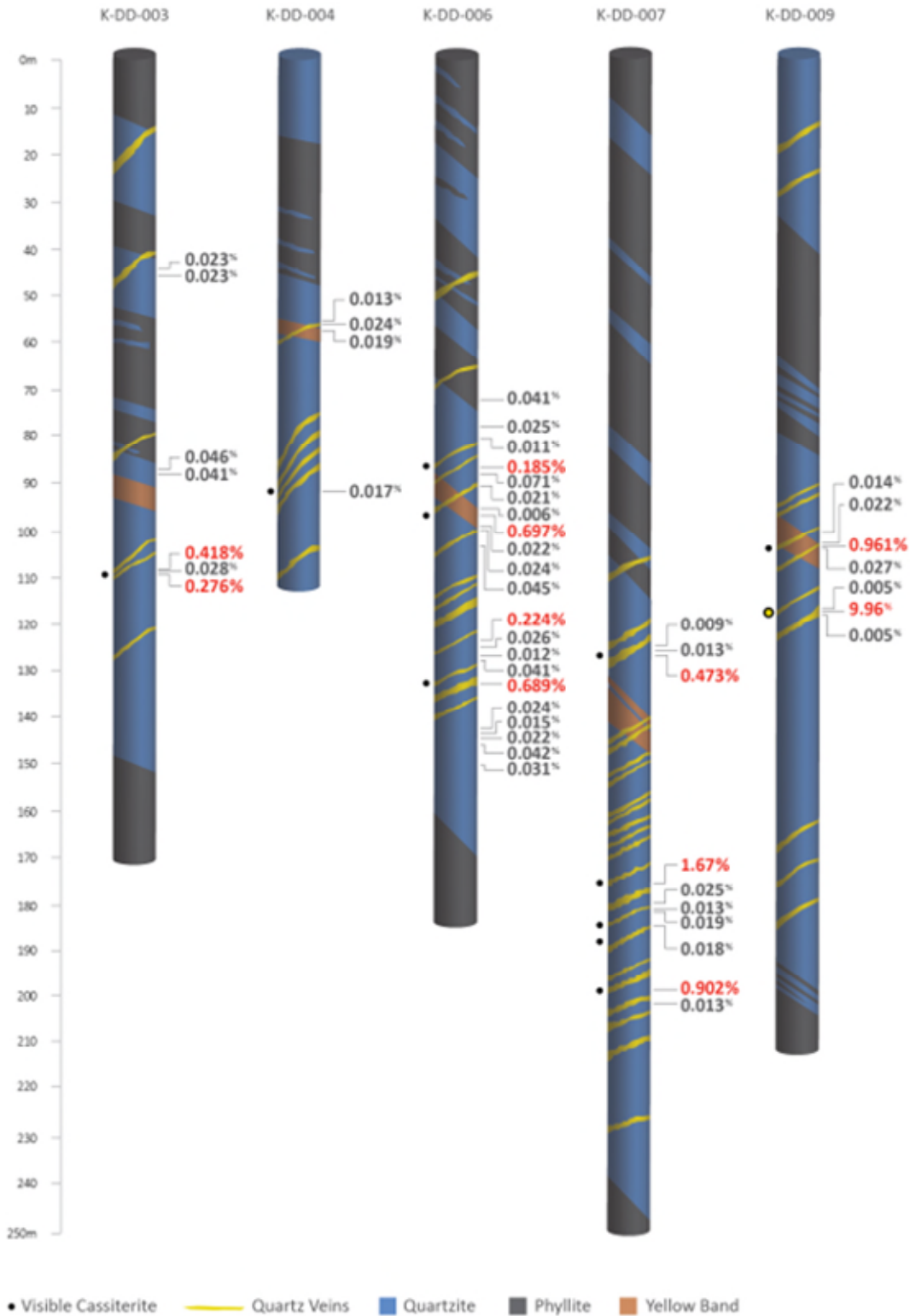
The extensive shallow artisanal workings provide support in that most quartz veins at surface are mined in some form along their entire strike lengths. Statistically, larger volume sampling is normally the method to better define the overall grade within a system having a strong “nugget” effect. Accordingly, the Company is considering bulk sampling techniques to better define an overall grade of mineralisation.

The anomalous tin in selected priority samples suggests the shear zone may host potentially economic tin mineralisation and this mineralisation has the potential to form an orebody parallel to bedding. The samples from the yellow band, also interpreted to represent the large fluid conduits or “plumbing system” for the tin mineralisation are also considered anomalous and contain arsenopyrite rich sulphides which are typically associated with tin mineralisation in other large tin deposits around the world.



Figure 2 Drill hole geology logging showing veins and priority XRF assay results.

Assays in red >0.1%Sn and green >0.004%Sn (400ppm)





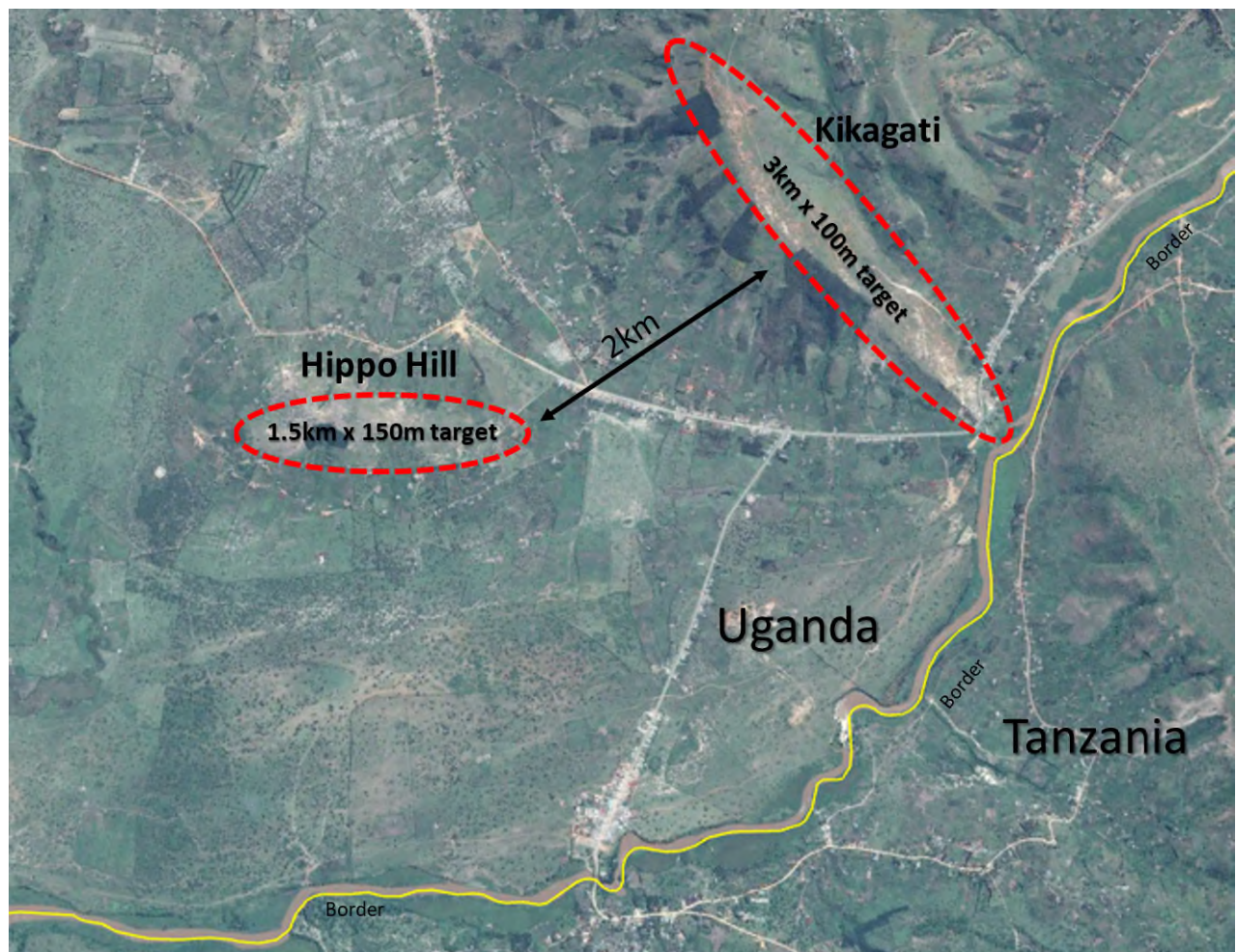
Hippo Hill

- **Second major tin target with dimensions 1.5km long x 150m wide**
- **Visible cassiterite (tin mineral) observed at surface and in drilling**
- **Hippo Hill - large scale open pit resource target**

Hippo Hill, located approximately 2km west of the Main Kikagati Hill prospect (Figure 3), is a 1,500m long east west trending target with an interpreted 150m wide prospective corridor defined by quartz vein stockwork of variable density and associated mica rich alteration. Nuggetty cassiterite is observed as crystals up to 20mm long, occurring along the margins of the quartz veins in both drilling and in the surface trenching. Historic artisanal workings and shafts occur sporadically along the 1.5km strike length.

During the quarter and as part of the earn-in agreement, Carnavale completed 3 diamond drill holes for a total of 388.5m together with 3 short trenches. This is the first ever drilling at the Hippo Hill prospect and encouragingly has confirmed the presence of visible cassiterite (visually estimated to be <1% in each sample by volume).

Figure 3 Hippo Hill location map



The drilling targeted outcropping quartz veins with mica alteration that has been mined by the local artisanal miners. The trenches were established upon identification of the visible cassiterite in drill hole KHDD002 at 60m and 97m depth. Mapping of the trench has identified further finer grained cassiterite crystals in the selvage of thin quartz veins and in the weathered colluvium just above bedrock. All assays results remain pending with results expected during the September 2019 quarter.



Cassiterite has been observed in quartz-mica veins as well as along the contact between individual quartz veins and the surrounding schist host rock (Figure 4 and 5). The stockwork is defined by a series of subvertical larger veins, historically targeted by artisanal miners through to bedding-parallel, sub-vertical and oblique less sized veins and associated mica alteration. Figure 6 is a cross section showing the drilling locations and the interpreted zone of sub-vertical stockwork trend. Bedding defined by thin quartzite units within the schist dips to the north and the dominant foliation fabric and vein orientation is subvertical.

Figure 4 Photos 1 & 2 - Cassiterite in drill core from hole KHHDD002 (Cassiterite visually estimated to be <1% in samples by volume)

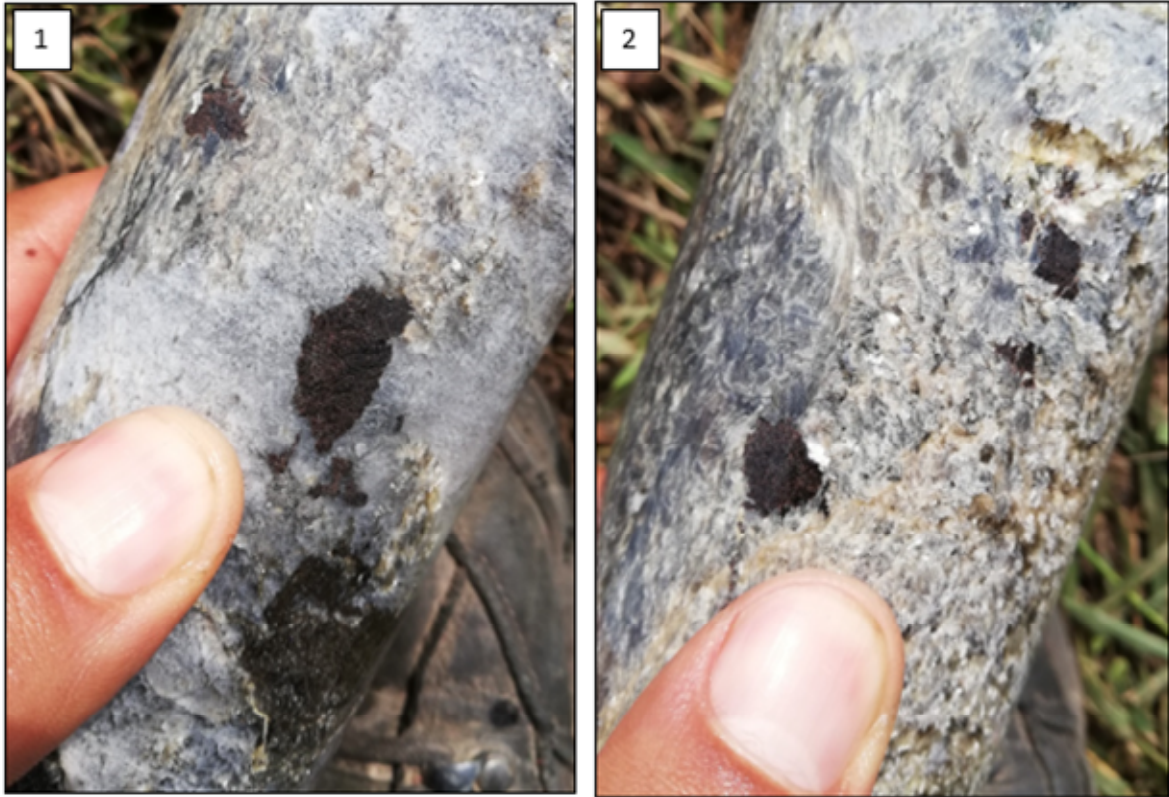
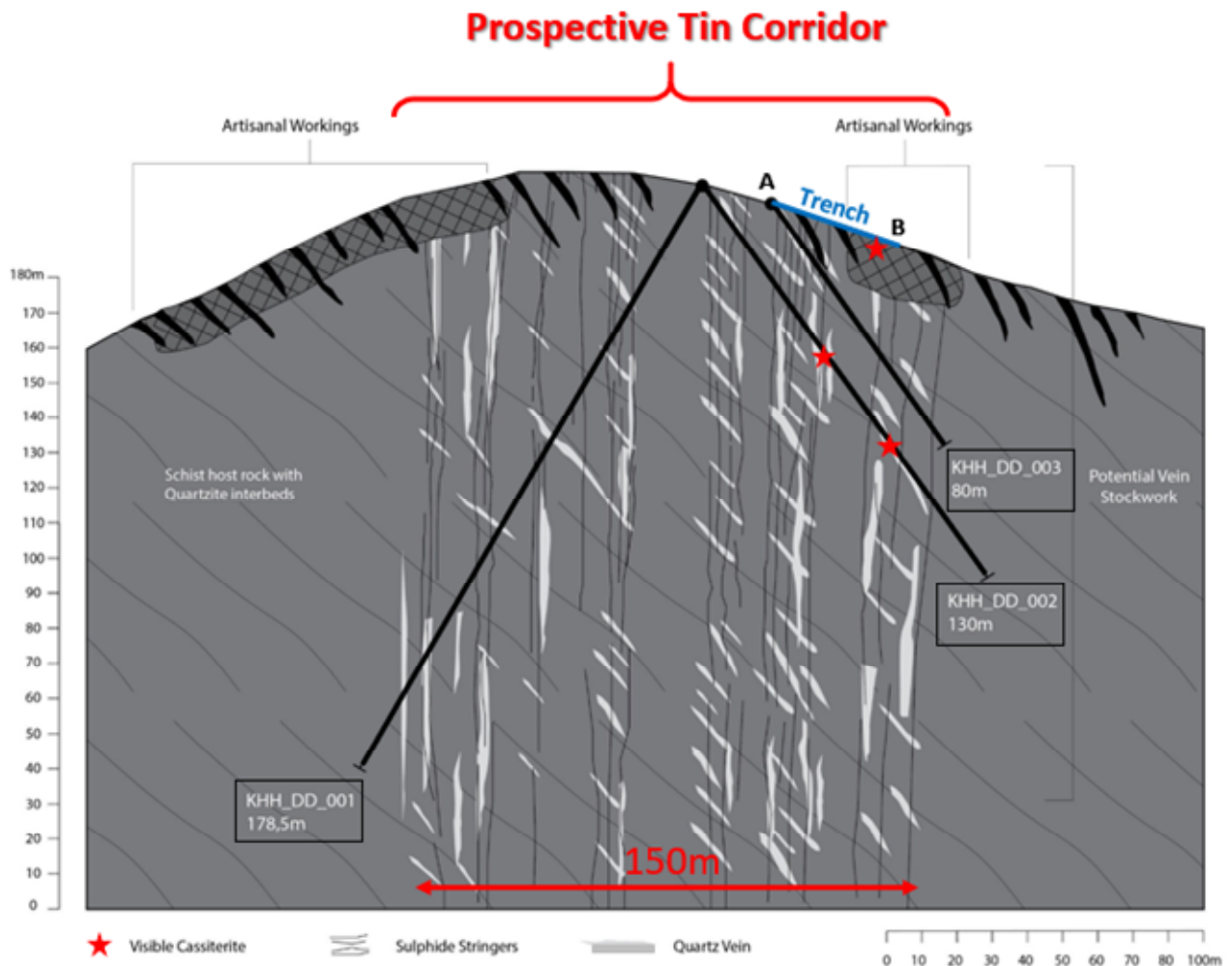


Figure 5 Photos 3 & 4 - Cassiterite in trench from Hippo Hill (Cassiterite visually estimated to be <1% in samples by volume)





Figure 6 Hippo Hill drill section



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

- Secured option agreement to acquire up to 80% of adjacent tenement increasing nickel-cobalt-copper potential along strike at Grey Dam.
- Deeper nickel-cobalt-copper sulphide rich mineralisation to be focus of exploration at Grey Dam.

Carnavale has previously reported a shallow laterite resource of 14.6Mt @ 0.75%Ni and 0.049%Co at Grey Dam. This resource represents a large zone of remobilised Ni and Co mineralisation in the weathered bedrock. The source of the Ni and Co is interpreted to have been from a larger deeper sulphide rich Ni-Co sulphide mineralisation in the fresh bedrock below or nearby associated with the prospective ultramafic sequences. Future exploration will be focussed on evaluating the prospective ultramafic sequences within E28/1477 and M28/378.

During the quarter, the Company secured an option to acquire 80% of the adjacent tenement E28/2587 (Figure 7), which hosts extensions of the prospective ultramafic sequences immediately to the north. Under the agreement the Company may explore the tenement area and may elect to earn 80% of the tenement within a period of 3 years. The expanded Grey Dam project is considered prospective for deeper fresh sulphide rich Ni-Co-Cu mineralisation as well as the demonstrated shallow laterite hosted Ni-Co mineralisation.



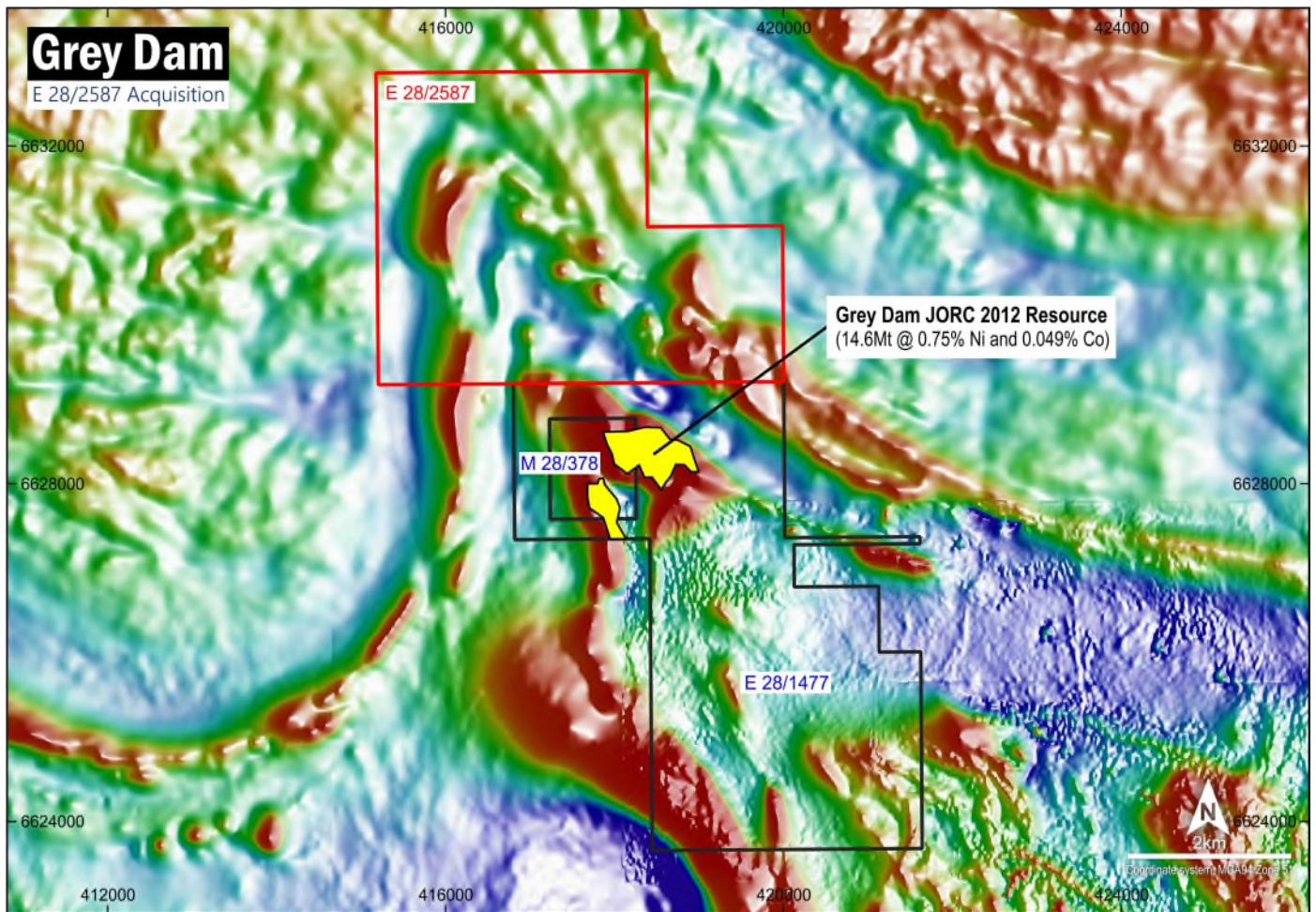
Shallow drilling on E28/2587 shows remobilised Ni-Co mineralisation in the weathered bedrock. Encouraging shallow results include 11m @ 0.44% Ni and 3m @ 0.5% Ni and anomalous cobalt and copper, spatially associated with the folded ultramafic sequence similar to Carnavale's neighbouring tenements E28/1477 and M28/378. (refer to CAV ASX release "Carnavale expands Nickel-Cobalt footprint at Grey Dam, WA", 28 June 2019).

The potential for deeper fresh nickel sulphide mineralisation has not been tested within E28/2587 and only limited deeper drilling has occurred on Carnavale's adjacent tenements. Importantly and as previously reported, encouraging deeper drill results show potential for nickel sulphide mineralisation within E28/1477 including 33m @ 0.43% Ni and 0.73% Co from 148m, 3m @ 1.14% Ni and 0.04% Co from 157m and 3m @ 1.18% Ni and 0.015% Co from 104m (refer to CAV ASX release "New Cobalt Acquisition in Western Australia", 19 March 2018).

The combined tenement package is also considered prospective for orogenic gold mineralisation with large areas considered untested. The geological review will include an assessment of gold potential.

Figure 7 Grey Dam Project showing prospective magnetics trends and E28/2587.

(Grey Dam JORC 2012 Resource reference: "Grey Dam Ni-Co Mineral Resource Update", 26 February 2019.)





Planned Exploration Programme

The planned exploration programmes going forward during the next 6 months are to be focused on:

Kikagati, Uganda

- Detailed assay results from earlier diamond core drilling, expected during September 2019 quarter.
- Undertake a programme of larger volume RC drilling at Kikagati Hill to demonstrate a representative overall tin grade of the deposit.
- Hippo Hill - continued surface soil and rock chip sampling along the 1,500m strike.
- Ore sorting to determine if the mineralised quartz veins, cassiterite and associated alteration envelopes can be efficiently separated from the distinctly different massive fine-grained quartzite unit.

Grey Dam, Western Australia

- Detailed previous data evaluation, new geological interpretation and target generation.
- Surface EM survey over priority prospective targets.

Corporate

On 31 May 2019, Carnavale announced that it had completed a placement of \$225,000 to sophisticated and professional investors via the issue of 75 million shares at an issue price of 0.3 cents per share, together with 37.5 million free attaching options (exercisable at 0.7 cents on or before 30 September 2020).

Carnavale also announced that it would undertake a non-renounceable entitlement issue to existing shareholders on the basis of one share for every one share held at the record date at an issue price of 0.3 cents per share to raise approximately \$2.229 million (gross proceeds based on the Company's expanded issued capital) together with one free attaching option for every 2 shares issued ("Rights Issue"). The options have an exercise price of 0.7 cents each and an expiry date of 30 September 2020. The Company lodged a prospectus for the Offer ("Prospectus") with ASX and ASIC on 28 June 2019.

The Rights Issue closed on 19 July 2019 and the Company advised that shareholders subscribed for 389,827,255 shares and 194,913,609 options raising \$1.169 million, leaving a shortfall of 353,172,305 shares and 176,586,152 options. Under the terms of the Rights Issue, the Directors may allocate the Shortfall Securities at their discretion within 3 months of the closing date of the Offer.

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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.

The Information in this report that relates to Mineral Resources is based on information compiled by Mr. Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Payne is a full-time employee of Payne Geological Services Pty Ltd. Mr. Payne 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 Resources and Ore Reserves". Mr. Payne consents to the inclusion in the 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 24 April 2018.
- Carnavale advances Kikagati Tin project Uganda, dated 30 August 2018.
- High grade Nickel-Cobalt defined at Grey Dam, dated 10 October 2018.
- Cassiterite (tin mineral) observed in drilling, Uganda, dated 27 November 2018.
- Extension to Option term for Kikagati Project, Uganda, dated 24 December 2018.
- Grey Dam Ni-Co Mineral Resource Update dated 26 February 2019.
- Multiple visible cassiterite occurrences in drilling at the Kikagati Tin Project, Uganda dated 13 March 2019.
- High grade tin confirms large scale potential (Tier 1) at Kikagati Project, Uganda dated 23 May 2019.
- Visible cassiterite confirms second major tin target at Kikagati, Uganda dated 28 June 2019.
- Carnavale expands Nickel-Cobalt footprint at Grey Dam, WA dated 28 June 2019.

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 | 100% |
| | | E28/1477 | 100% |
| | | E28/2587 | Earning up to 80% |
| 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 |
|--------------------------------------|----------------|-----------------|--------------------------------|
| Grey Dam Project – Western Australia | Australia | E28/2587 | Earning up to 80% |

* 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 |
|-------------------------|----------------|-----------------|--------------------------------|
|-------------------------|----------------|-----------------|--------------------------------|