

## June 2020 Quarterly Activities Report

Carnavale Resources Limited (“CAV”, “Company” or “Carnavale”) reports on activities completed during the quarter to 30 June 2020.

### Grey Dam (Nickel-Cobalt-Copper)

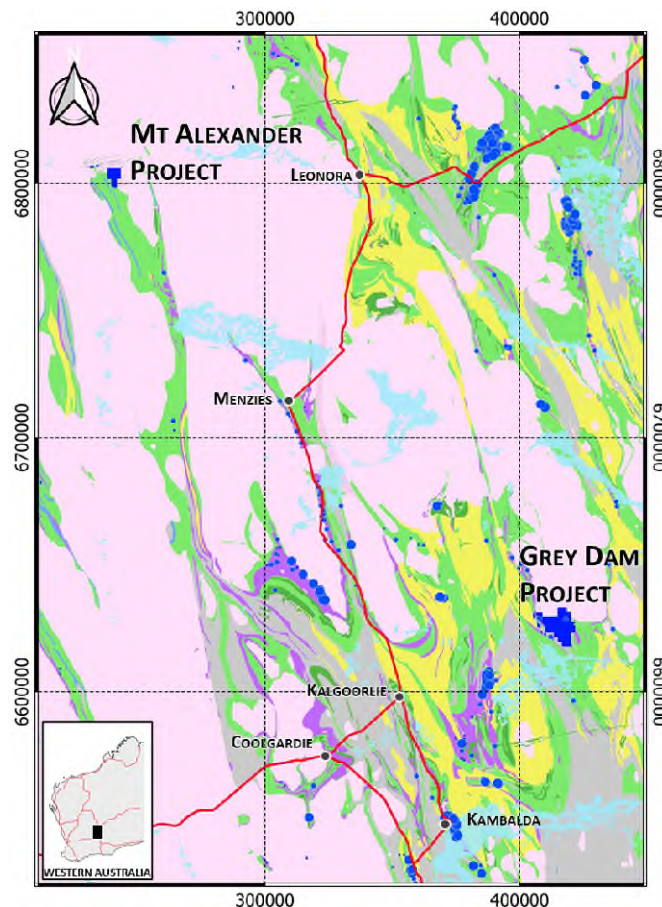
- Multiple strong EM targets defined targeting nickel sulphide mineralisation
- Drilling planned and approved to test priority EM targets
- Soil sampling results pending

### Mt Alexander (Nickel-Cobalt-Copper-PGE)

- Soil sampling results pending

Exploration activities during the June quarter focussed on completing and interpreting the FLEM geophysical surveys and initial soil sampling programs over prospective targets based on previous exploration results. The FLEM survey has successfully defined multiple drilling targets for potential nickel sulphide mineralisation at Grey Dam (Figure 1). Drilling is planned and approved to commence during the September 2020 quarter.

The initial trial Ultra Fine Fraction (UFF) soil survey at Grey Dam and Mt Alexander has been completed and results remaining pending. This research is in consultation with CSIRO as part of a larger collaborative research study to target nickel sulphide mineralisation beneath transported cover. Results are pending and are expected to be available in the September quarter with follow-up sampling expected to be carried out to define additional EM and drill targets.



**Figure 1** Location Plan - Grey Dam and Mt Alexander Projects and nickel deposits in region

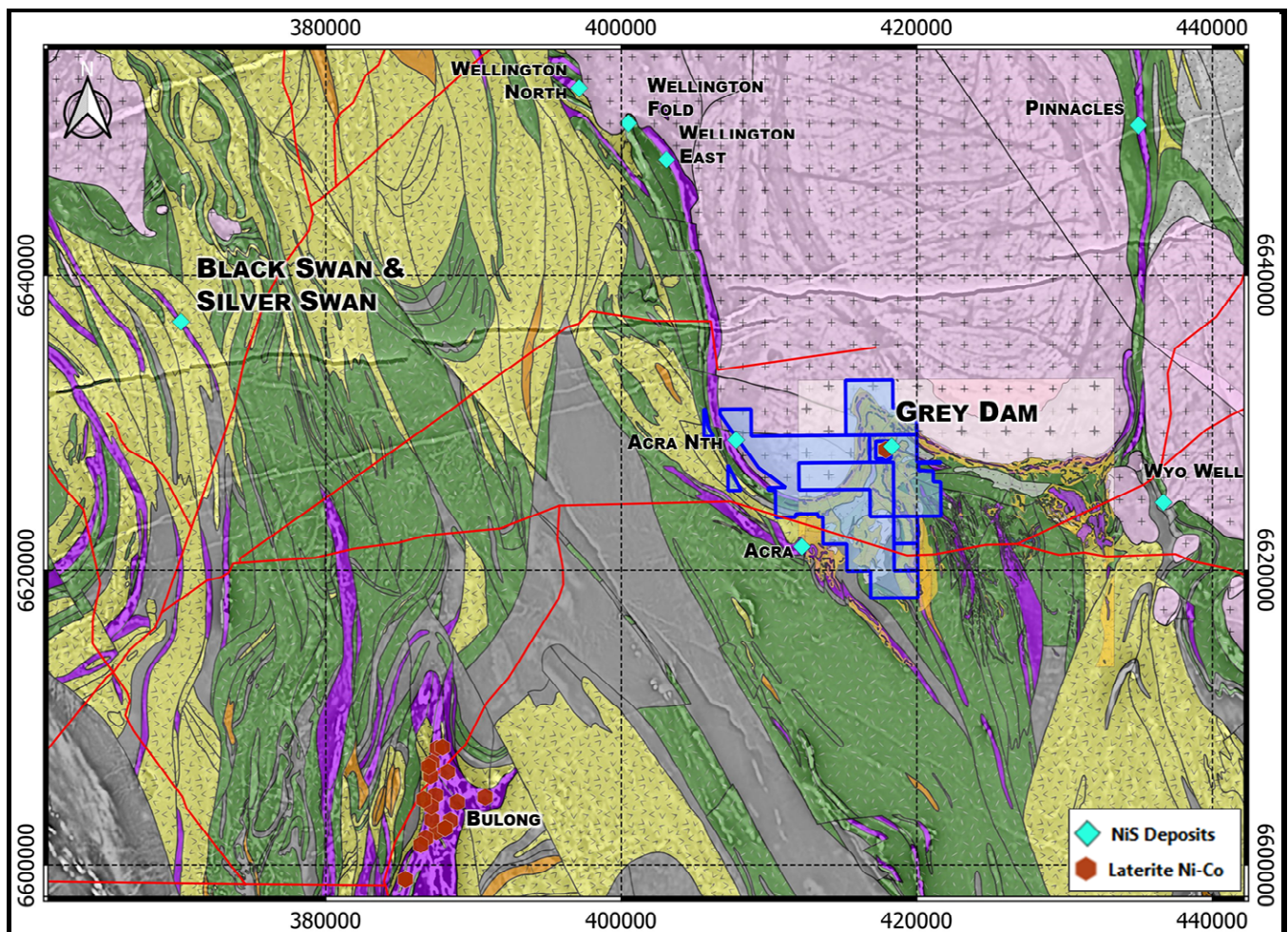
## Grey Dam Nickel-Cobalt (Ni-Co-Cu) Project, Western Australia

- Four priority EM conductors identified
- Diamond drilling targeting Nickel sulphide conductors to commence
- Management boosted to drive Project success
- Ultra-Fine Fraction program results anticipated - CSIRO

Subsequent to the end of the quarter, Carnavale has planned and approved a program of 1,300m of diamond drilling targeting nickel sulphide mineralisation to test the strongest conductors identified by the recent fixed loop electro-magnetic (FLEM) geophysical survey, at the Grey Dam Nickel Project.

The Grey Dam Project (Figure 2) is located in the Kurnalpi region, approximately 80km east of Kalgoorlie, Western Australia. The recent FLEM geophysical survey defined 4 very strong, high-priority conductors (Targets 1 to 4 up to 5000 siemens conductance) plus a number of lesser conductors (Figure 3). The diamond drilling program has been designed to test the strongest EM conductors.

The program of works (POW) related to this drilling program has been approved by the Department of Mines, Industry Regulation and Safety. A previous heritage survey has been completed with no significant sites identified allowing drilling to progress.



**Figure 2 Regional setting for the Grey Dam Nickel Project**



This initial diamond drilling program includes up to eight holes for a total of approximately 1,300m. It is anticipated the program will commence in the current September 2020 quarter, subject to rig availability and any unforeseen COVID-19 constraints.

Carnavale is focussed on discovering Kambalda style, nickel sulphide mineralisation associated with the ultramafic mafic sequence at the Grey Dam Nickel Project. The project covers two ultramafic/mafic sequences prospective for nickel sulphide (NiS), komatiite hosted mineralisation, similar to the nearby Black Swan and Silver Swan Ni Mines, located 50km to the west (Figure 1 and 2).

The Company previously completed exploration activities focussed on testing the two folded prospective ultramafic sequences for nickel-cobalt mineralisation. Drilling in the nose of the fold closure resulted in a shallow laterite nickel-cobalt resource (14.6Mt @ 0.75% Ni and 0.049% Co JORC 2012\*). Whilst this exploration was successful, Carnavale believes that high value nickel sulphide can also be discovered at the Project.

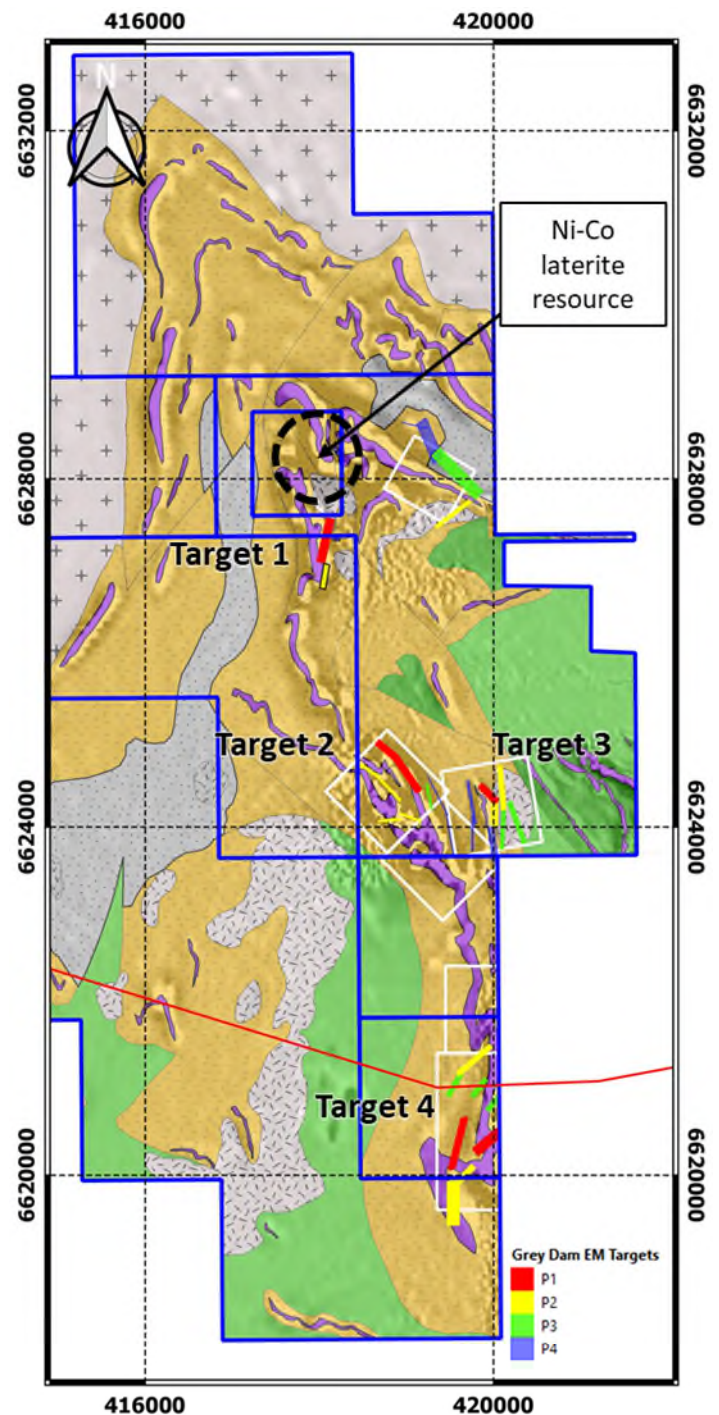
## **Management boosted for success**

To advance the Grey Dam Nickel Project, Carnavale is pleased to have secured the services of Exploration consultant, Mr Allan Kneeshaw. Mr Kneeshaw has been part of the successful exploration team at De Grey Mining Limited. His work at De Grey has proved very successful in identifying high value targets to advance the Company.

Mr Kneeshaw was commissioned by Carnavale to complete a review of the Grey Dam Nickel Project. The work commenced in October 2019, focussing on the prospectivity for nickel sulphide mineralisation across Grey Dam and Mt Alexander.

The exploration review included all the previous drilling, geochemical sampling and geophysical surveys across both project areas. At Grey Dam, the geochemistry review highlighted significant copper and platinum anomalism associated with the high-grade nickel, indicating potential sulphide targets at depth.

This nickel sulphide potential is supported by limited previous, deeper drilling near the Ni-Co laterite resource area, which demonstrated that the ultramafic sequence, that is widespread across the tenement package, is proven to host fresh bedrock, sulphide rich, nickel mineralisation.



**Figure 3 EM targets (red conductors).**



As a result of Mr Kneeshaw's work, the Company commissioned a FLEM geophysical survey to test these areas of coincident copper, nickel and platinum mineralisation. The survey outlined many strong conductors plus additional minor conductors, separate from the Ni-Co laterite resource (Figure 3).

Whilst conducting the FLEM survey an additional area was identified, that highlighted conductivity, adjacent to and outside the planned survey area. The FLEM survey was extended to include this new anomaly. This extension to the survey identified a strong conductor (Target 3) that will be drill tested in the forthcoming diamond drilling campaign.

Subject to positive drilling results additional downhole and surface EM surveys would be planned to test strike extensions of the ultramafic sequence that occur between Target 1 and 2 (Figure 3).

Carnavale is also pleased to announce that it has appointed Mr Humphrey Hale as consultant to assist in managing the exploration activities. Mr Hale's role is to drive success at Carnavale's projects and review possible future opportunities for the Company.

Mr Hale is well known to the Carnavale team having worked alongside both Mr Kneeshaw and Mr Beckwith at AngloGold Ashanti (AGA) whilst managing the substantial drill out for the underground feasibility at Sunrise Dam Gold Mine.

Mr Hale was also Managing Director at Wolf Minerals Limited (Wolf) from its IPO, in early 2007 until January 2014. Under Mr Hale's management, Wolf acquired and developed a substantial tungsten and tin deposit in Europe, taking the project from initial review to construction.

Subsequently, Mr Hale was a Director at ASX listed Infinity Minerals Limited (formerly Plymouth Minerals Limited) and worked as a consultant to several ASX listed and unlisted junior exploration companies including Liontown Resources Limited, Chalice Gold Mines Limited and Erinbar Limited.

## **Strong potential nickel sulphide conductors defined at Grey Dam**

The FLEM survey has defined 4 very strong high-priority conductors (i.e. Targets 1 to 4 up to *5000 siemens conductance*) plus a number of lesser conductors (Figure 3)

### **FLEM Conductors**

**Target 1** (Figure 4) consists of multiple conductor plates modelled from historic downhole and moving loop EM surveys. Recent remodeling of the EM datasets shows that the main target represents a strong conductor (>5000 siemens conductance) that has not been tested by the previous drilling.

The model suggests the very strong conductor may represent the top of the faulted block of the ultramafic sequence. Carnavale intends to drill a new deeper diamond hole targeting below historical drilling undertaken by previous explorers.

**Targets 2 and 3** (Figure 5) are very strong high priority conductors (5000 and 2000 siemens conductance). Modelling indicates the Target 2 conductor is subvertical and located approximately 200m below surface. Target 3 is modelled as subvertical and approximately 50m to the top of the body. Two diamond drill holes are planned to test these targets.

**Target 4** (Figure 6) comprises two individual strong conductors (1250 siemens conductance). The conductors are interpreted to represent targets along the same sequence in a small parasitic fold (Figure 1). The conductors are interpreted as subvertical and shallow to the top of the body. The eastern most target is enhanced with a shallow nickel anomaly (>0.3%Ni) defined above the conductor by previous geochemical drilling. Planned drilling aims to test both conductors, subject to results of the initial targets 1-3.

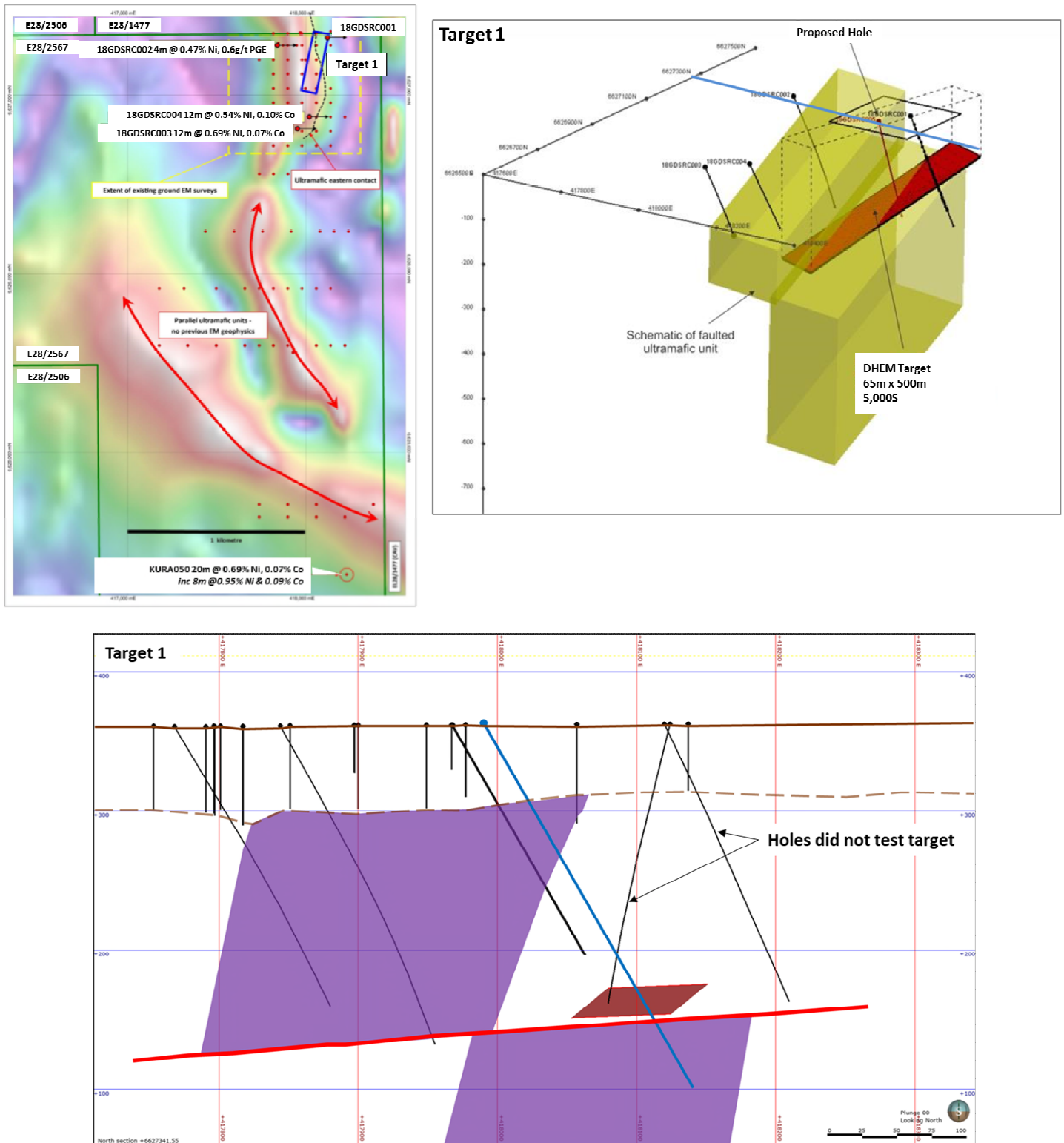


## Additional programs at the Grey Dam Nickel Project

The Company has completed an initial UFF soil sampling programme in association with CSIRO along the second prospective ultramafic sequence at the Grey Dam Nickel Project. The results from this program remain pending.

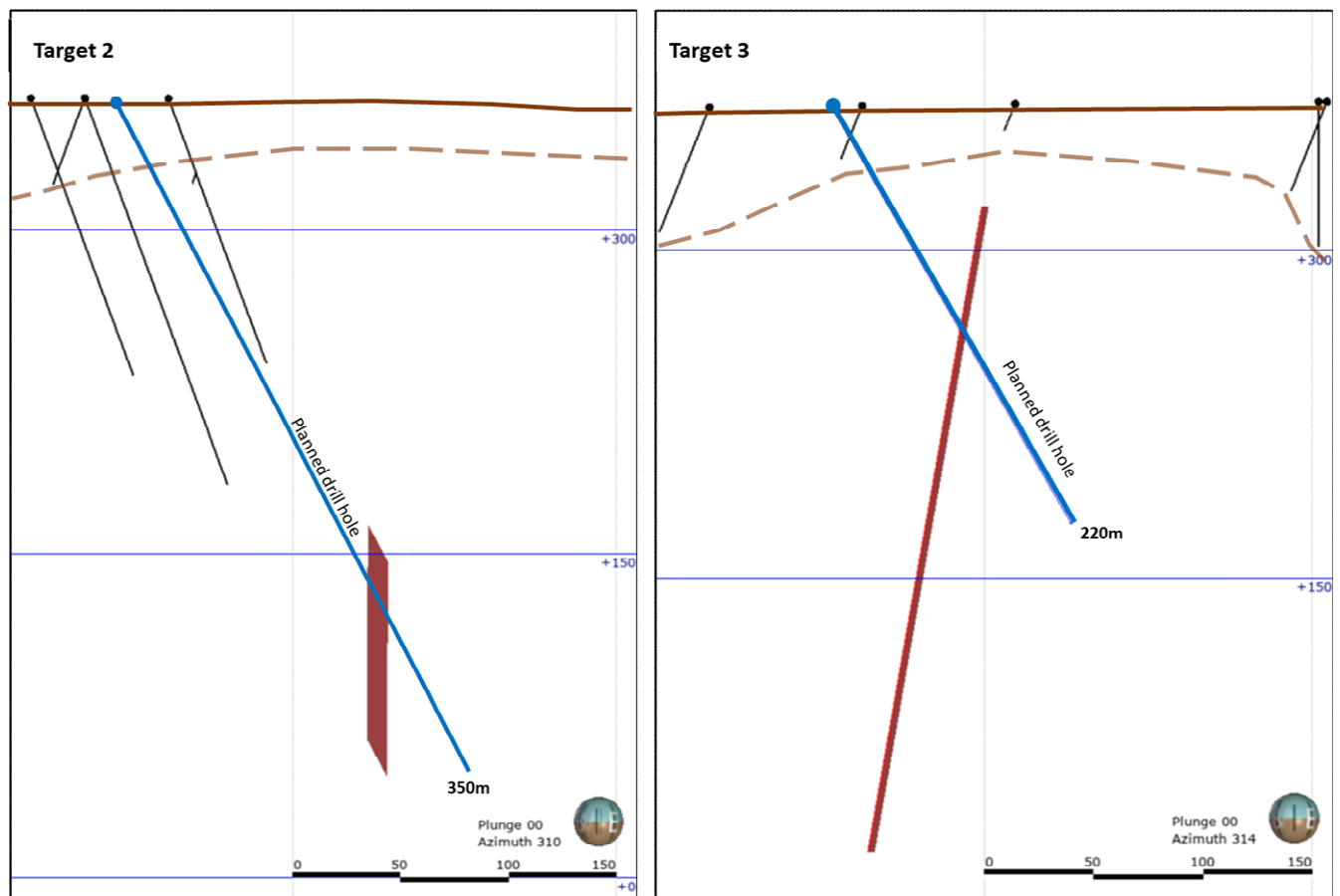
The aim of the initial soil program is to highlight how new soil sampling techniques can map the prospective ultramafic sequence and delineate new nickel sulphide targets concealed beneath transported cover.

**Figure 4 Target 1 EM conductor**

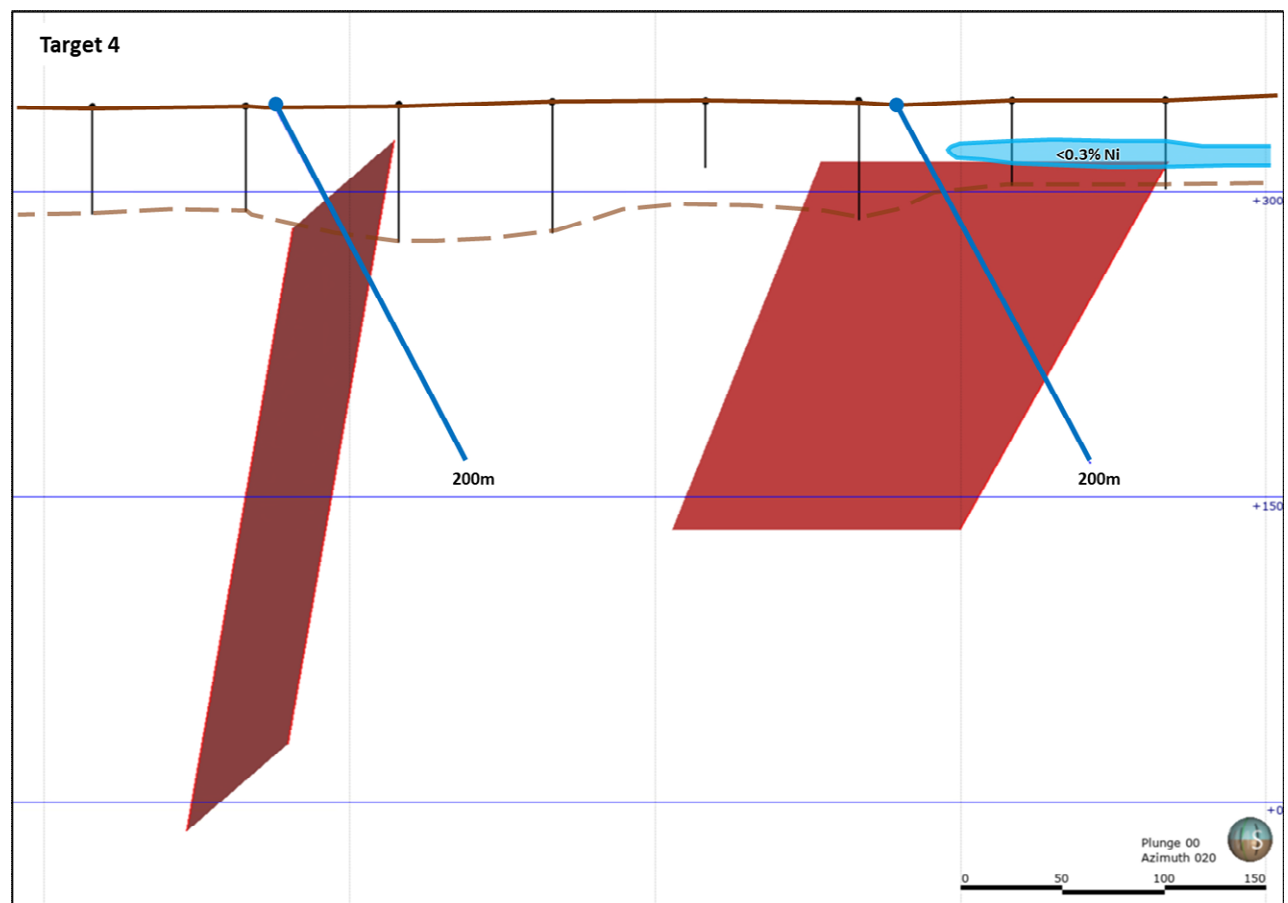




**Figure 5 Target 2 and 3 EM conductors, showing planned holes**



**Figure 6 Target 4 EM conductors, showing planned holes**



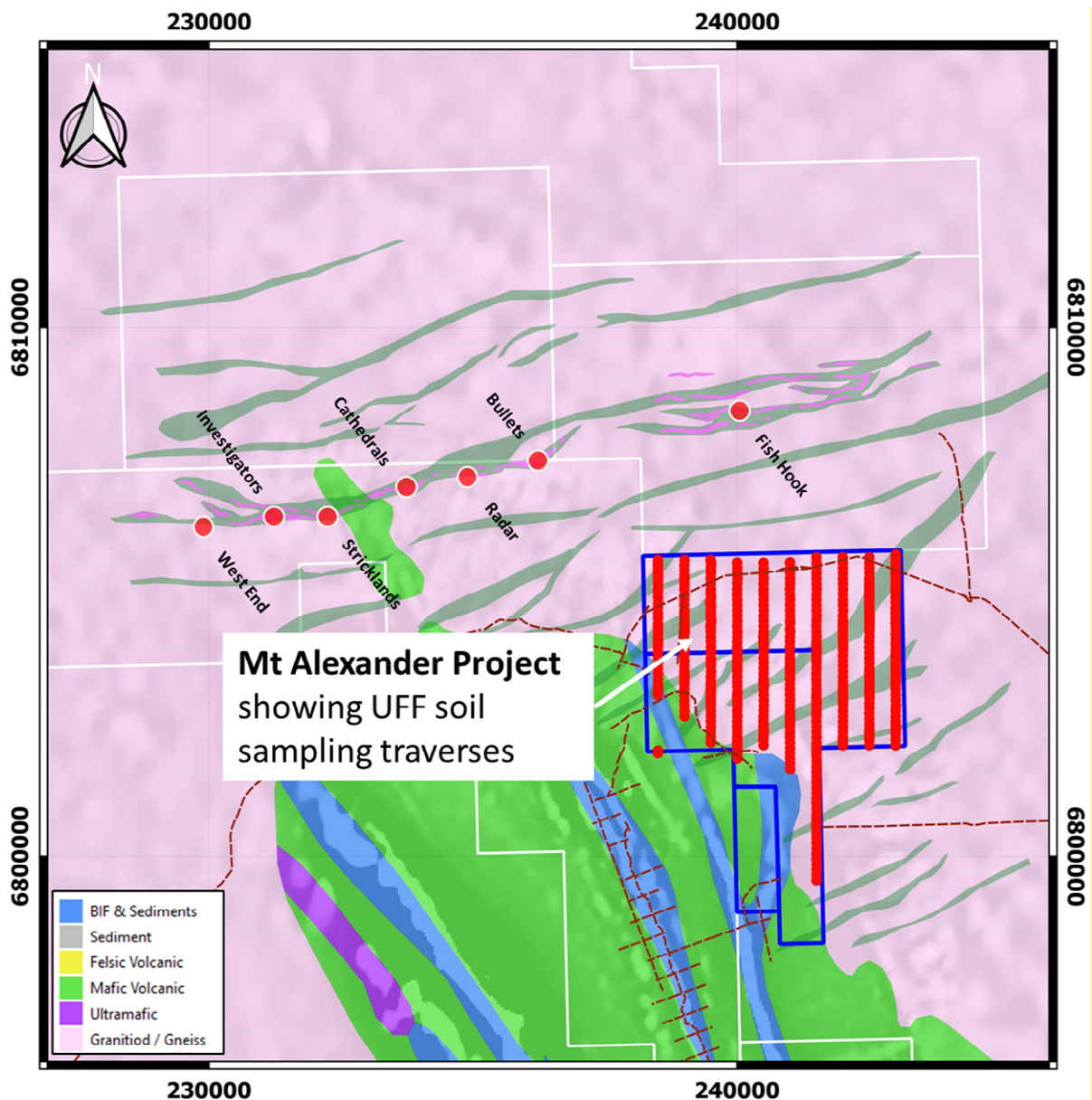


## Mt Alexander (Ni-Cu-Co-PGE) Project, Western Australia

The Mt Alexander Project, covers portions of the prospective granite greenstone belt immediately south of the Cathedrals Ni-Cu-Co-PGE deposit, owned by St George Mining Limited. Cathedrals hosts massive nickel-copper-cobalt-PGE (platinum group elements) mineralisation in mafic intrusions within the poorly explored granite-greenstone belt. The intrusions have been emplaced along ENE trending structures and represents a new style of mineralisation in the region.

Carnavale has interpreted a series of similar ENE trending structures through the project area and review of previous exploration data indicates very limited exploration has tested these targets. Very limited outcrop occurs throughout the project area and the Company has undertaken low cost UFF soils sampling as a technique to assess the potential for Ni sulphide mineralisation in bedrock.

The soil sampling program comprises 10 north south traverse throughout project area (Figure 4). The Company is planning to include this program under the research agreement with CSIRO. Results of all UFF soil sampling remain pending.



**Figure 6** Mt Alexander Project showing proximity to the Cathedrals Ni Sulphide Trend, interpreted ENE trends and soil sampling traverses

### **New Opportunities**

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

Carnavale has reviewed various potential opportunities during the period, however none of the projects have advanced past the initial assessment stage.

### **September Quarter programs**

Exploration activities are planned to continue with the following programs planned for the period:

- Drill test the strong conductors at Grey Dam.
- Assess the results of the UFF soil sampling results and any additional research aspects in consultation with CSIRO. Anomalous targets are likely to have ground EM planned.
- Continued assessment and review of new opportunities with particular emphasis on gold and nickel.

### **Corporate**

The Company had a cash position of \$1.179M as of 30 June 2020.

A total of \$38,650 was paid to related parties during the quarter comprising the Managing Director's salary and consulting fees and Non-Executive Director fees. During the quarter, \$16,367 was paid to Corporate Consultants Pty Ltd, a company in which Chairman Mr Gajewski is a director and has a beneficial interest, for accounting, secretarial, corporate service fees and provision of office space.

This announcement was approved for release by the Board of Carnavale Resources Limited.

### **For further information contact:**

**Ron Gajewski**

**Chairman**

**P: +61 8 9380 9098**

**[www.carnavaleresources.com](http://www.carnavaleresources.com)**

**Andrew Beckwith**

**Director**



**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 Mt Alexander Project in this announcement has been extracted from the following ASX announcements:*

- *New Cobalt Acquisition in Western Australia dated 19 March 2018.*
- *High grade Nickel-Cobalt defined at Grey Dam, dated 10 October 2018.*
- *Grey Dam Ni-Co Mineral Resource Update dated 26 February 2019.*
- *Carnavale expands Nickel-Cobalt footprint at Grey Dam, WA dated 28 June 2019.*
- *Carnavale expands Nickel Sulphide potential at Grey Dam, WA dated 11 November 2019,*
- *New Mt Alexander Nickel Sulphide Project, WA dated 5 December 2019.*
- *Strong EM conductors defined at Grey Dam dated 3 June 2020*

*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

### Grey Dam Ni-Co Resource Statement

#### Grey Dam Mineral Resource (>0.5% Ni or > 0.05% Co), February 2019

Ni 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	3.9	0.76	0.043	30,100
	<b>Sub Total</b>	<b>14.0</b>	<b>0.77</b>	<b>0.048</b>	<b>107,300</b>	<b>6,700</b>
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
	<b>Sub Total</b>	<b>0.6</b>	<b>0.46</b>	<b>0.092</b>	<b>2,800</b>	<b>600</b>
<b>Total &gt;0.5% Ni or &gt;0.05% Co</b>	Indicated	10.4	0.76	0.050	78,700	5,200
	Inferred	4.2	0.74	0.047	31,300	2,000
	<b>Sub Total</b>	<b>14.6</b>	<b>0.75</b>	<b>0.049</b>	<b>110,000</b>	<b>7,200</b>

(Rounding discrepancies may occur in summary tables)

#### Grey Dam Mineral Resource High Grade Nickel Domain (0.8% Ni Cut-off)

Classification	Tonnes Mt	Ni %	Co %	Ni Metal Tonnes	Co Metal Tonnes
Indicated	5.0	0.95	0.063	47,200	3,100
Inferred	1.8	0.97	0.054	17,000	1,000
<b>Total</b>	<b>6.7</b>	<b>0.95</b>	<b>0.061</b>	<b>64,200</b>	<b>4,100</b>

#### Grey Dam Mineral Resource High Grade Cobalt Domain (0.05% Co Cut-off)

Classification	Tonnes Mt	Ni %	Co %	Ni Metal Tonnes	Co Metal Tonnes
Indicated	1.9	0.88	0.123	16,800	2,300
Inferred	0.6	0.78	0.121	5,100	800
<b>Total</b>	<b>2.6</b>	<b>0.86</b>	<b>0.122</b>	<b>21,900</b>	<b>3,100</b>

(ASX release *Grey Dam Ni-Co Mineral Resource Update* dated 26 February 2019.)



## **Appendix 2**

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

<b>Project/Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Percentage held/earning</b>
Grey Dam Project, Western Australia	Australia	M28/378	100%
		E28/1477	100%
		E28/2587	Earning up to 80%
		E28/2567	Earning up to 80%
		E28/2682	Earning up to 80%
		E28/2760	Earning up to 80%
		E28/2506	Earning up to 80%
Mt Alexander Project, Western Australia	Australia	E29/960	Earning up to 80%
		E29/961	
		P29/2356	

\* Carnavale has the right to earn up to this level on expending the funds and payments stated in the relevant agreements.

### **Schedule of Mining Tenements, Beneficial Interests and agreements**

Acquired during the Quarter

<b>Project/Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Percentage held/earning</b>
N/A			

### **Schedule of Mining Tenements, Beneficial Interests and agreements**

Disposed of during the Quarter

<b>Project/Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Percentage held/earning</b>
N/A			