

SALE OF TICK HILL TAILINGS STOCKPILES FOR \$6 MILLION

Carnaby Resources Limited (ASX: CNB) (**Carnaby** or **Company**) is pleased to announce the sale of its historic Tick Hill tailings stockpiles for total consideration of approximately \$6 million to private mining and processing entity, BIM Metals Pty Ltd.

Highlights

- The consideration of approximately \$6 million comprises:
 - **\$4 million cash payments**; and
 - **5% standard NSR Royalty payable on gold sales** from the stockpiles which equates to a value of approximately **\$2 million** at current gold prices.
- Tailings stockpiles will be processed at the nearby BIM-operated Processing Plant in Cloncurry, Queensland. All stockpiles expected to be processed over a 12 month period.

Importantly Carnaby retains 100% ownership of the Tick Hill Project and all remaining Mineral Resources and Ore Reserves, including the Tick Hill Open Pit, which contains a Probable Ore Reserve of 48,000t @ 6.53 g/t for 10,200 ounces and PFS Production Mill Feed of **63,300t @ 6.1 g/t for 12,500 oz.**

At current gold prices the Tick Hill open pit cutback is forecast to generate net pre-tax cash flows of approximately **\$18 million at an AISC of A\$1,190/oz.** Negotiations to develop, profit share or sell the Tick Hill open pit project are continuing.

The Company's Managing Director, Rob Watkins commented:

"This is a pivotal moment for Carnaby. We are now in an enviable position to be able to fast track exploration at the recently acquired Mallina Basin projects in the Pilbara region of Western Australia where we have exceptional walk up drill targets near De Grey's Hemi gold discovery where first pass drilling is targeted to commence in September. Likewise at Tick Hill, the search for the faulted offset of one of the highest grade and most profitable gold deposits ever mined in Australia will continue."

Fast Facts

Shares on Issue 98M

Market Cap (@ 16 cents) \$15.7M

Cash \$1.5M¹

¹As of 30 June 2020 and inclusive of Restricted Cash

Board and Management

Peter Bowler, Non-Exec Chairman

Rob Watkins, Managing Director

Greg Barrett, Non-Exec Director

Paul Payne, Non-Exec Director

Ben Larkin, Company Secretary

Company Highlights

- Commencing exploration at the Mallina Basin projects near to De Grey's Hemi gold discovery
- Proven and highly credentialed management team
- 100% ownership of the Tick Hill Gold Project (granted ML's) in Qld, historically one of Australia highest grade and most profitable gold mines
- Past production of 511 koz at 22 g/t gold
- Indicated and Inferred Mineral Resource of 845,000 t @ 2.47 g/t gold for 67,100 ounces²
- Proven and Probable Ore Reserves of 459,900 t @ 1.89 g/t gold for 28,000 ounces²
- 323 km² surrounding exploration package containing numerous gold and copper targets
- 254 km² of highly prospective tenure in the Mallina Basin, Pilbara of WA
- Tight capital structure and strong cash position

²Refer ASX release 5 June 2020, to be adjusted following completion of Tick Hill Ore Stockpiles

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TAILINGS STOCKPILE SALE AND NSR ROYALTY AGREEMENT

Carnaby has entered into a Tailings Ore Stockpile Sale and NSR Royalty Agreement (**Agreement**) with private mining company, BIM Metals Pty Ltd (**BIM**).

Under the terms of the Agreement, Carnaby has agreed to sell its Tailings Dam and Historical ROM Pad, which contain Probable Ore Reserves of 410,900t @ 1.35 g/t for 17,800 ounces¹ (**Tick Hill Stockpiles**), for consideration of approximately \$6 million.

BIM will transport the Tick Hill Stockpiles to the BIM-operated Lorena Gold Processing Plant once final government permitting is received. Complete processing of the stockpiles and payment of the NSR royalty is expected to be completed within a 12 month period.

The total consideration of approximately \$6 million comprises:

- \$1.25 million non-refundable cash payment by 14 August 2020;
- \$0.25 million non-refundable cash payment on or before 15 November 2020;
- \$1.25 million cash payment conditional on the grant of the Environmental Authority Amendment (**EA Amendment**);
- \$1.25 million cash payment 30 days after BIM commences collection of the Tick Hill Stockpiles and conditional upon the grant of the EA Amendment;
- 5% NSR payable on sales of gold from the Tick Hill Stockpiles (the value of the NSR Royalty equates to approximately \$2 million at current gold prices).

The Company is well advanced with the EA Amendment with lodgement expected in the coming days. The Company anticipates having the EA Amendment granted within 2-3 months.

¹ Refer ASX release 5 June 2020

TICK HILL OPEN PIT

Carnaby retains a 100% interest in the Tick Hill Project and all remaining Mineral Resources and Ore Reserves, including the Tick Hill Open Pit.

In the recently released Tick Hill PFS, the Tick Hill Open Pit contributed Production Mill Feed of 63,300t @ 6.1 g/t for 12,500 ounces. At current gold prices, the Tick Hill Open Pit cutback is forecast to generate net pre-tax cash flows of approximately **\$18 million at an AISC of A\$1,190 ounce²**. Negotiations to develop, profit share or sell the Tick Hill open pit project are continuing.

EXPLORATION FUNDING

The sale of the Tick Hill Stockpiles allows the Company to rapidly expedite exploration at Carnaby's newly acquired project in the Mallina Basin of the Pilbara and at Tick Hill in Queensland.

PILBARA – STRELLEY & MOUNT GRANT PROJECTS

As announced in the ASX on 15 July 2020, Carnaby has built up a highly prospective land package in the Mallina Basin north east of De Grey's Hemi gold discovery (Figure 1).

Walk-up drill targets have been identified at several locations (see ASX release 22 July 2020).

A standout target is the **Palisade prospect** where a 7 km long MMI soil gold anomaly is open to the southwest and is coincident with a **~300-500 m** wide gold mineralised bottom of hole RAB drilling anomaly (Figure 2).

Exploration programs including heritage surveys, surface geochemistry and drilling are being expedited. **First pass drilling is targeted to commence in September.**

An aeromagnetic survey over the Strelley and Mount Grant projects is also being fast tracked and is forecast to commence in August.

² Refer ASX release 5 June 2020 for full details regarding the Tick Hill PFS

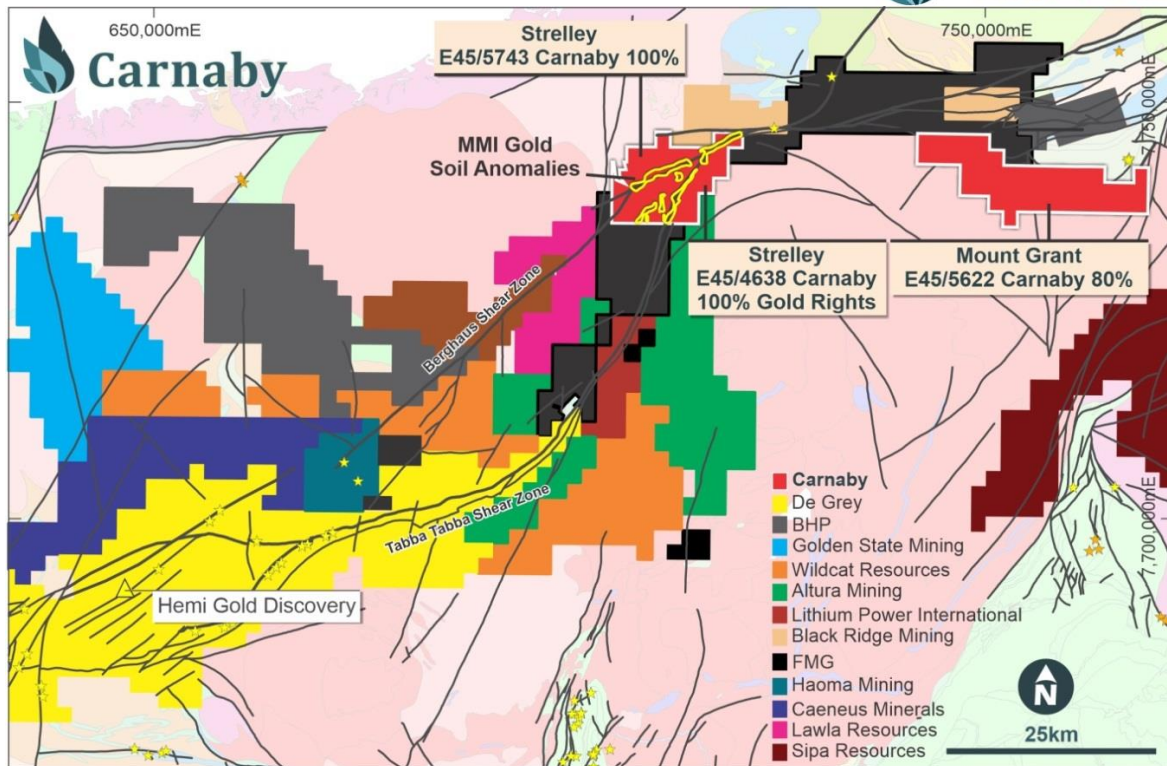


Figure 1: Carnaby's Strelley and Mount Grant gold projects

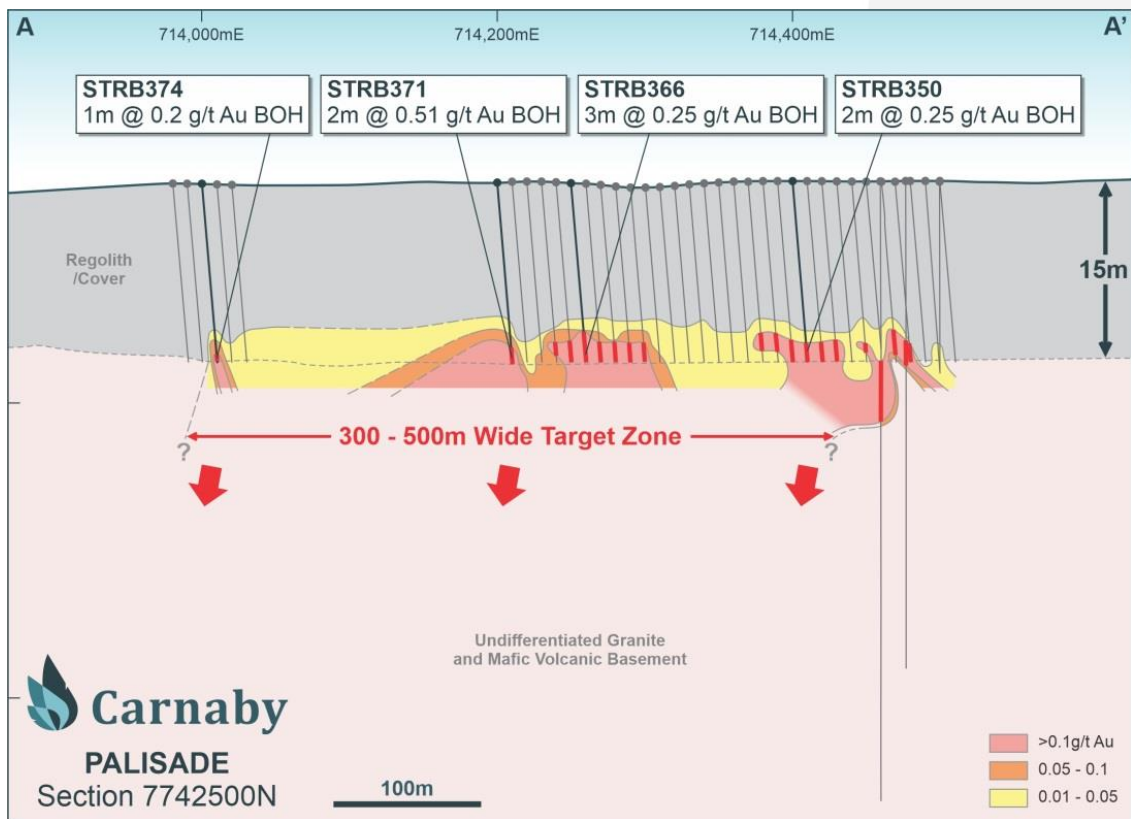


Figure 2: Palisade 300-500 m wide bottom of hole RAB drilling gold anomaly. Drill section is at 10 times vertical exaggeration.

TICK HILL

The search for the offset or repetition of the Tick Hill orebody which produced 511,000 oz of gold at 22 g/t down to only 235m below surface remains a company transforming target.

The company continues to be highly encouraged by the Tick Hill North target where the last hole drilled in December 2019 intersected an intensely altered 10 m wide Lodestone unit closely resembling the host rock unit and alteration associated with the Tick Hill orebody (Figure 3).

Plans are underway to re-commence drilling at Tick Hill in 2020.

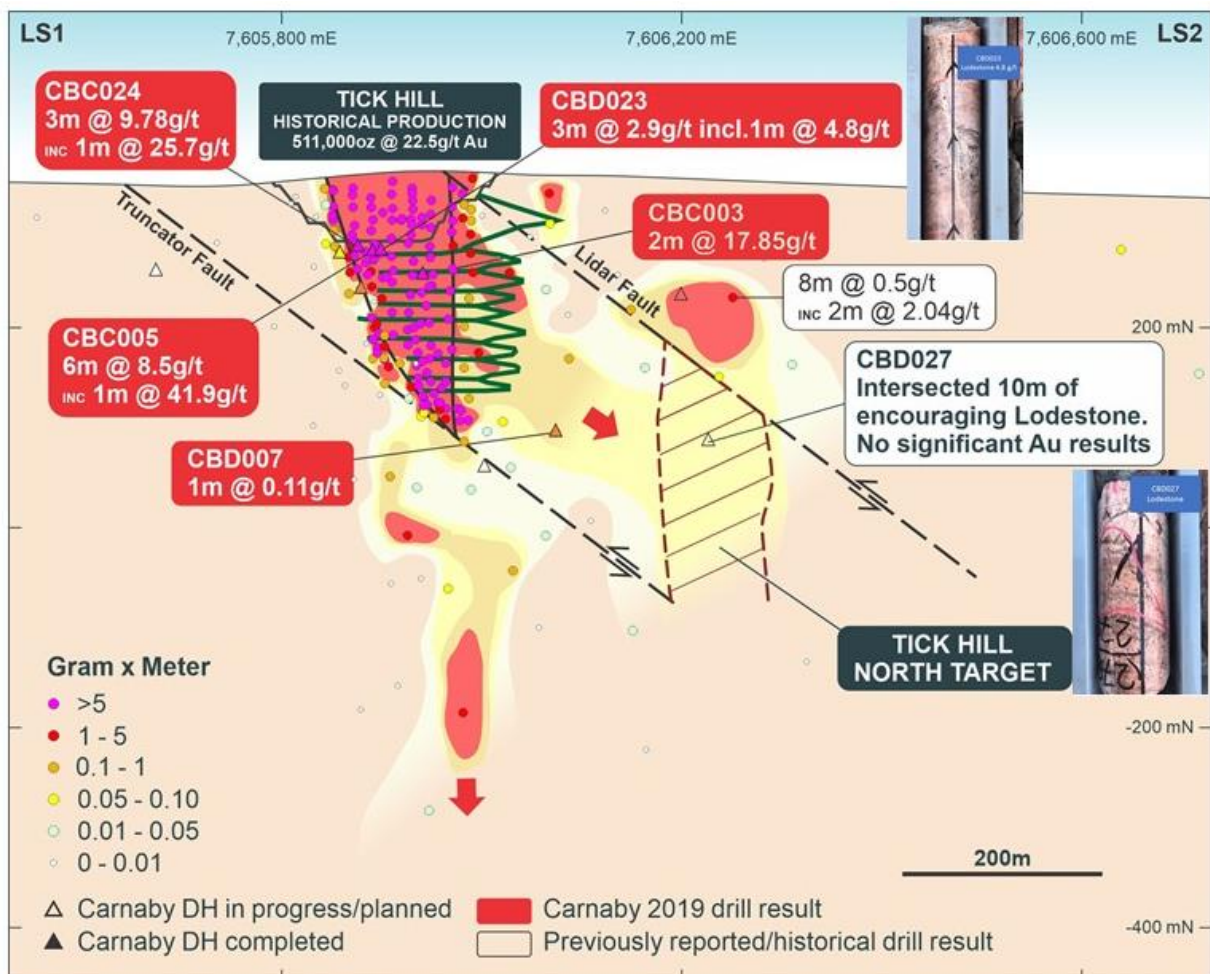


Figure 3: Tick Hill long section showing location of Lodestone at Tick Hill North target.

Further information regarding the Company's projects can be found on the Company's website www.carnabyresources.com.au

For further information please contact:
Robert Watkins, Managing Director
(08) 9320 2320

Competent Persons Statement

The information in this document that relates to the Tick Hill Deposit and Tick Hill ROM Stockpile Mineral Resources is based upon information compiled by Mr Paul Tan. Mr Tan is a full time employee and security holder of the Company and a Member of the AUSIMM. Mr Tan consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears. Mr Tan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).

The information in this document that relates to the Tick Hill Tailings Dam Mineral Resources is based upon information compiled by Mr Robert Watkins. Mr Watkins is a Director and security holder of the Company and a Member of the AUSIMM. Mr Watkins consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears. Mr Watkins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).

The information in this document that relates to the Tick Hill Deposit, Tailings Dam and ROM Stockpile Ore Reserves is based upon information compiled by Mr Nigel Spicer. Mr Spicer consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears. Mr Spicer has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).

Disclaimer

This document contains background information current at the date of this announcement. The announcement is in summary form and does not purport to be all-inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

The announcement is for information purposes only. Neither this announcement nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sales of shares in any jurisdiction. The announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.

This announcement does not constitute investment advice and has been prepared without considering the recipients investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons.

Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. To the fullest extent of the law, the Company, its officers, employees, agents and advisors do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.

References have been made in this announcement to certain ASX announcements, including references regarding exploration results, mineral resources, production targets and forecast financial information. For full details, refer to said announcement on said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and the mentioned announcements, 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 and, in the case of estimates of Mineral Resources, Exploration Target(s), Ore Reserves, Production Targets and forecast financial information from Production Targets, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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.

Forward Looking Statements

Some statements in this announcement regarding estimates or future events are forward looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward looking statements include,

but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “could”, “nominal”, “conceptual” and similar expressions. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward looking statements.

These risks and uncertainties include but are not limited to liabilities inherent in mine development and production, geological, mining and processing technical problems, the inability to obtain any additional mine licenses, permits and other regulatory approvals required in connection with mining and third party processing operations, competition for among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, changes in commodity prices and exchange rate, currency and interest fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management’s ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward looking statements will prove to be correct.

The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement and believes that it has a “reasonable basis” to expect it will be able to complete the development of the Project, including with respect to any production targets and financial estimates, based on the information contained in this announcement.