



Carnavale expands Nickel Sulphide potential at Grey Dam, WA

- **Carnavale to focus on Nickel Sulphide targets at Grey Dam**
- **Targeting Black Swan and Silver Swan style deposits**
- **30km of prospective Ni sulphide sequence**
- **Consolidates existing Ni sulphide EM targets**
- **Additional 7km of defined anomalous Ni-Co-Cu targets**

Carnavale Resources (ASX: CAV or the Company) is pleased to advise it has secured the right to acquire up to 80% of the tenement portfolio held by Mithril Resources Limited (ASX: MTH or Mithril), located immediately adjacent to the Grey Dam Nickel project, in the Kurnalpi region approximately 80km east of Kalgoorlie, Western Australia.

The expanded Grey Dam project now covers 108km² of prospective and contiguous tenure and 30km of bedrock ultramafic/mafic sequences prospective for Nickel Sulphide (NiS) style mineralisation like the Black Swan and Silver Swan Ni Mines, located 50km to the west (Figure 1).

Carnavale's immediate priority is to integrate all previous exploration data and focus on targeting NiS style mineralisation across the portfolio. Exploration activities over the next 12 months are planned to include soil sampling, EM surveys and drill testing of priority targets along the two highly prospective sequences where existing EM targets and NiS style mineralisation have been demonstrated at both the prospect and regional scale.

The Grey Dam project now comprises:

- 108km² of prospective and contiguous tenure.
- 30km of prospective bedrock ultramafic/mafic sequences.
- 2 EM targets requiring follow-up surveys and subsequent drill testing
- 7km of anomalous Ni-Co-Cu targets defined by previous exploration.
- Existing shallow laterite Ni-Co resource (14.6Mt @ 0.75% Ni and 0.049% Co for 110,000t Ni metal and 7,200t Co metal JORC 2012) with capacity to extend resources.

NiS style of mineralisation is well known in the region with the nearby Black Swan and Silver Swan nickel mines and other deposits/mineralisation defined at Wellington, Acra, Pinnacles and Wyo Well. The host sequence at Black Swan is considered comparable to the two host sequences at the Grey Dam Project (Figure 2). The large Bulong nickel and cobalt deposit is also evident of the shallow laterite style of deposit in the region and is a direct comparison of the Grey Dam laterite Ni-Co resource and provides longer term exploration potential.

Two folded ultramafic/mafic sequences occur on the Grey Dam project with a combined prospective strike length of 30km. Sequence A has a strike length of 15km and hosts the known EM and Ni-Cu targets (Figure 2) with the laterite Ni-Co resource located immediately above in the weathered material. Only limited deeper bedrock drilling has been completed along this horizon. The subparallel Sequence B also has a strike length of 15km and has received very little modern exploration yet hosts other known NiS mineralisation/prospects along strike at Acra North, Wellington and Pinnacles.

The potential for fresh nickel sulphide mineralisation is demonstrated with limited previous deeper drilling near the Grey Dam resource and associated with one of the Grey Dam EM targets (Figure 2). Review of this drilling indicates that it has not intersected the current EM models. Further evaluations of the EM data, models and resultant targets is currently being evaluated by external consultants and it is expected follow-up EM



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surveys will be required to better model the targets due to the complex folding in this area. Encouraging and previously reported (*refer to ASX releases listed at end of report*) drilling intercepts include:

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.

The Southern EM target occurs immediately south of the Grey Dam resource area and the EM target straddles the tenement boundary with the new tenement areas (Figure 2). Figure 3 highlights the EM survey completed along strike from the southern EM target. Although Mithril have completed 3 RC drill holes in this area, Carnavale considers the drilling has not intersected the main EM target. Further evaluation of this target is underway. Mithril have also previously highlighted over 7km of prospective strike length of sequence A and significant shallow Ni-Co results in previous drilling providing scope for lateritic Ni-Co resource increases and additional anomalous nickel sulphide targets extending to the south requiring further detailed assessment.

Figure 1 Regional setting of Carnavale's Grey Dam Project (Blue) and new tenement area (Black).

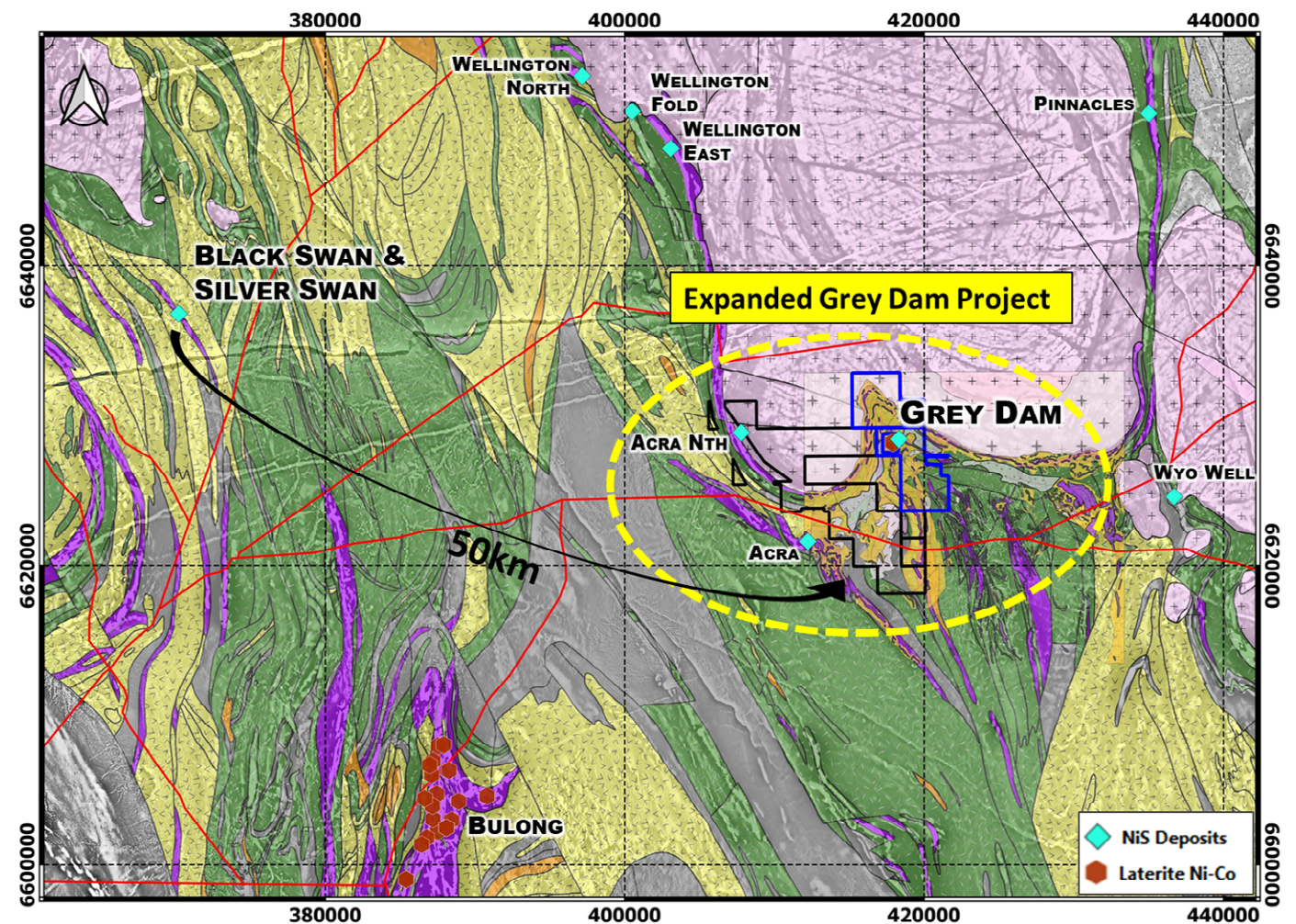




Figure 2 Expanded Grey Dam Project showing target sequences and target areas

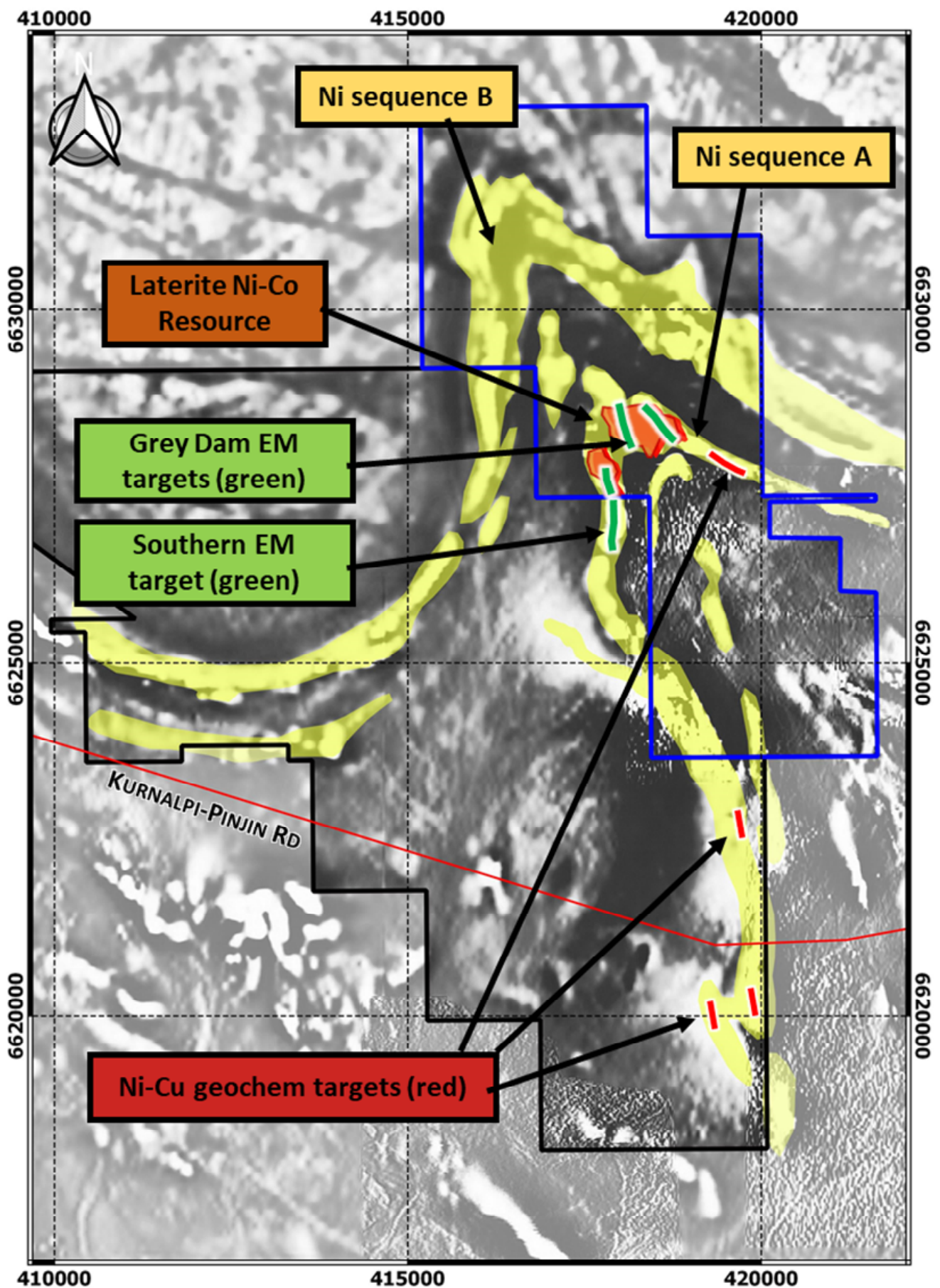
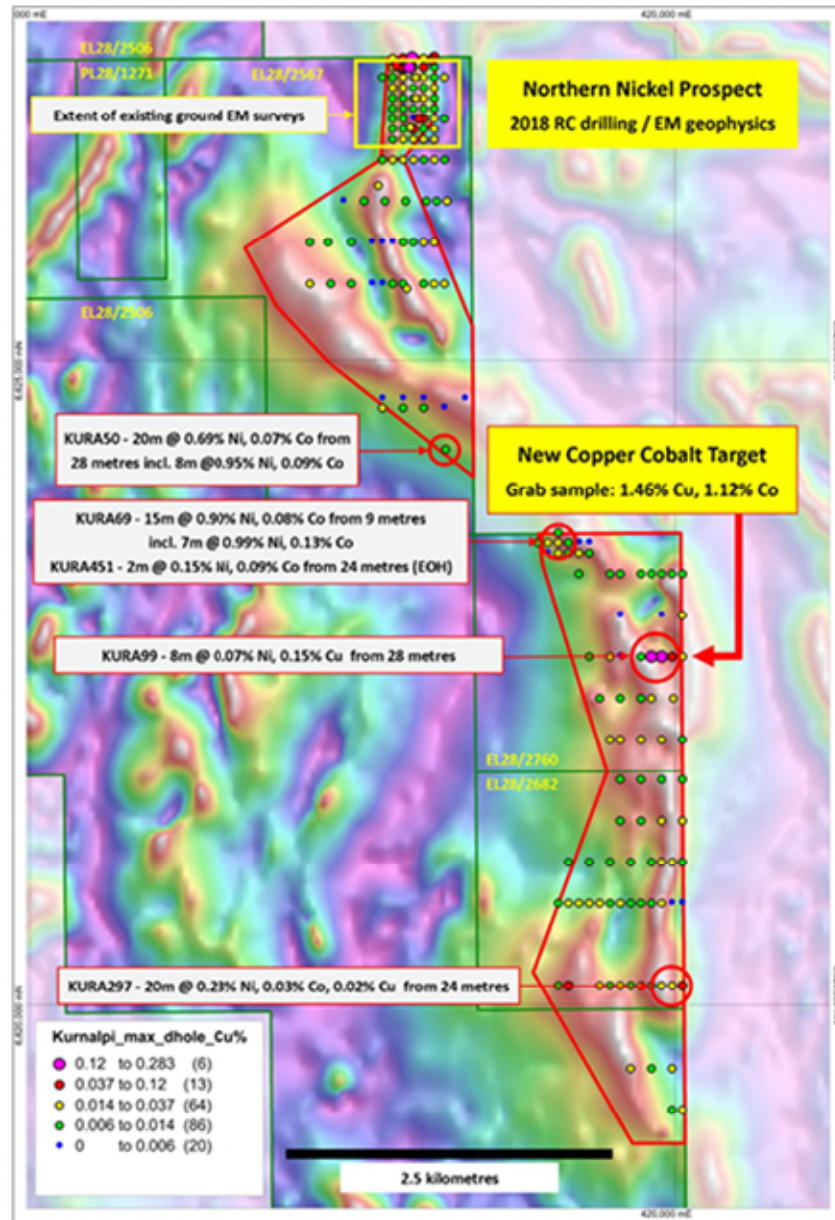


Figure 3 New targets along strike from Carnavale Grey Dam tenements
(refer to Mithril Resources (MTH) ASX release dated 10 September 2018)



ACQUISITION TERMS

Carnavale has secured an option to acquire an 80% interest in the Mithril tenements (tenements) (E28/2567, E28/2682, E28/2760, and E28/2506) on the following terms:

- Upon signing of the agreement Carnavale is to pay a non-refundable Option Fee of \$20,000.
- Carnavale will have a three (3) year period (Option Period) from signing the agreement during which Carnavale has the sole right to explore the tenements at its sole cost and risk.
- Carnavale has the right to withdraw from the agreement at any time by providing 30 business days written notice and leaving the tenements in good standing.
- Carnavale may elect to acquire 80% of the tenements by payment of \$250,000 within 14 business days to Mithril anytime within the Option Period.



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- On Carnavale's decision to acquire 80% equity in the tenements, Mithril must elect within 30 business days to either:
 1. Transfer 100% equity in the tenements to Carnavale and receive a 1% NSR royalty on all commodities produced from the Tenements; or
 2. Enter into a formal Joint Venture agreement, based on the following key terms and conditions:
 - The initial interest of the parties shall be Carnavale 80% and Mithril 20%.
 - The parties are required to contribute to expenditure on a pro rata basis.
 - Carnavale shall be the initial joint venture manager.
 - Standard management and pre-emptive rights terms.
 - Dilution formula based on 1% equity for every \$100,000 of expenditure when a party does not contribute. For example, a party would increase its Project interest by 10% by contributing \$1.0M of additional funding and the other party contributes \$nil. If a party dilutes below a 10% interest that party will be deemed to have withdrawn from the joint venture with no retained equity or interest in the Project.
 - All significant matters will be decided by majority vote except for the following decisions which require a unanimous decision: to surrender or relinquish any Tenement (except for the purpose of applying for a new Tenement or where required by the applicable law) and to wind up the Joint Venture.

The vendor is a non-related party to Carnavale or its Directors.

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Director



Competent Persons Statement

The information in this report that relates to Exploration Results for the Grey Dam Project (E281477 and ML28/378) is based on, and fairly represents information and supporting documentation prepared by Mr. Andy Beckwith, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Beckwith is an employee of Carnavale Resources Limited. 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 the exploration results for the Mithril tenements (E28/2567, E28/2682, E28/2760, and E28/2506) is an accurate representation of the available data. This information has been 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 Exploration Results on the Mithril tenements (E28/2567, E28/2682, E28/2760, and E28/2506) has been completed and compiled by Mithril Resources and has been reported to JORC 2012 standards. Carnavale, its staff, consultants or the Competent Persons take no responsibility for the accuracy of the Information. However, Carnavale and its consultants have completed due diligence reviews of the Information and consider the Exploration Results fairly represent the mineralisation associated with the tenements. Carnavale also highlights that it has not completed any new work on any of the tenement, except for the initial review.

Accordingly, Carnavale cautions investors that the Company has not yet done sufficient work to be able to verify the previous results or owner information in accordance with the updated standards set out in the JORC Code (2012). While nothing has come to the attention of the Company to question the reliability of the results prepared by Mithril, the Company is not to be regarded as reporting, adopting or endorsing those results.

Carnavale has engaged independent consultants to review the entire Grey Dam project including (E28/2567, E28/2682, E28/2760, and E28/2506) to complete an evaluation of nickel and gold potential and design geophysical and soil sampling programs. As Carnavale advances the Grey Dam Project exploration and evaluation during the course of this financial year, it is the Company's intention to carry out these programs with a view to drill test any priority targets. These programs will be funded from the Company's existing working capital. Investors should note that even when these steps are undertaken, there is uncertainty that the Company will be able to report exploration results or estimates of resources or reserves in accordance with the JORC Code (2012).

Forward Looking Statements

Statements regarding Carnavale's plans with respect to the mineral properties, resource reviews, programmes, economic studies and future development are forward-looking statements. There can be no assurance that Carnavale's plans for development of its mineral properties will proceed any time in the future. There can also be no assurance that Carnavale will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Carnavale's mineral properties.

References

Carnavale ASX Releases

"New Cobalt Acquisition in Western Australia", 19 March 2018.

"High grade Ni-Co defined at Grey Dam", 10 October 2018.

"Grey Dam Ni-Co Mineral Resource Update", 26 February 2019.

"Carnavale expands Nickel-cobalt footprint at Grey Dam, WA", 28 June 2019

Mithril ASX Release

"Kurnalpi Nickel Project", 10 September 2018

"Kurnalpi Nickel Drilling Underway", 31 July 2018