Carnaby

ASX Announcement

11 April 2022

ACQUISITION OF MOUNT HOPE MINING LEASE ML90240

Carnaby Resources Limited (ASX: CNB) (**Carnaby** or the **Company**) is pleased to announce a highly accretive acquisition to the Greater Duchess Copper Gold Project in Mt Isa, Queensland.

Highlights

- **Acquisition of 100% of the Mount Hope Mining Lease (ML90240) 9 km NNE of Carnaby's Lady Fanny and Nil Desperandum copper gold discoveries (Figure 1).**
- **Mount Hope is interpreted to be hosted in the same highly prospective Iron Oxide Copper Gold (IOCG) structural corridor as Lady Fanny and Nil Desperandum.**
- **Widespread copper mineralisation evident in shallow historical open pits mined mostly during the same period as Lady Fanny between 1967 and 1974.**
- **Historical production of 322,000t @ 1.9% copper[1+2].**
- **Remarkable lack of any publicly available or verifiable historical exploration drilling.**
- **Major first pass exploration drilling program to be expedited post settlement and expected to commence in Q2/Q3.**
- **Consideration of $1M in cash and $1M worth of CNB Shares subject to 12 month escrow period.**

The Company's Managing Director, Rob Watkins commented:

"Mount Hope is a highly accretive acquisition and another potential corner stone in the rapidly growing Greater Duchess Copper Gold Project. The similarities to Lady Fanny prior to Carnaby's first drilling campaign there are striking. It is hard to believe that an exploration opportunity like this still exists in the Mt Isa region today. Ultimately the planned first pass drilling at Mount Hope will tell the story, however the historical production from the shallow pits and the extensive copper mineralisation left in the pit walls and outcropping elsewhere within the mining lease is evidence enough as to its potential."

1 Duchess, QLD 4 Mile Geological Series, Bureau of Mineral Resources 1963

2 Geology of Duchess-Urandangi Region, Mount Isa Inlier, Queensland 1984

Fast Facts

Shares on Issue 143.5M

Market Cap (@ $1.365) $196M

Cash $25.8M[1]

[1]Based on cash of A$5.8 million as at 31 December 2021 and A$20m gross proceeds from recent Placement, see ASX release dated 24 January 2022.

Board and Management

Peter Bowler, Non-Exec Chairman

Rob Watkins, Managing Director

Greg Barrett, Non-Exec Director & Company Secretary

Paul Payne, Non-Exec Director

Company Highlights

- Proven and highly credentialed management team
- Tight capital structure and strong cash position
- Nil Desperandum and Lady Fanny Iron Oxide Copper Gold discoveries within the Greater Duchess Copper Gold Project, Mt Isa inlier, Queensland.
- Greater Duchess Copper Gold Project, numerous camp scale IOCG deposits over 1,022 km^2 of tenure
- Projects near to De Grey's Hemi gold discovery on 442 km^2 of highly prospective gold and lithium tenure
- 100% ownership of the Tick Hill Gold Project (granted ML's) in Qld, historically one of Australia highest grade and most profitable gold mines producing 511 koz at 22 g/t gold

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GREATER DUCHESS COPPER GOLD PROJECT

MOUNT HOPE ML90240 ACQUISITION (CNB 100%)

The Mount Hope Mining Lease ML90240 is located 9km NNE of Lady Fanny and Nil Desperandum copper gold discoveries (Figure 1). The granted Mount Hope Mining Lease covers approximately 0.5 km^2 being 1km long by 500m wide.

On a regional scale Mount Hope is hosted within the Argylla Group rocks which host the Nil Desperandum and Lady Fanny mineralisation. Mount Hope is within the same NNE trending IOCG structural corridor as evidenced by a series of historical copper gold workings between Lady Fanny and Mount Hope (Figure 1).

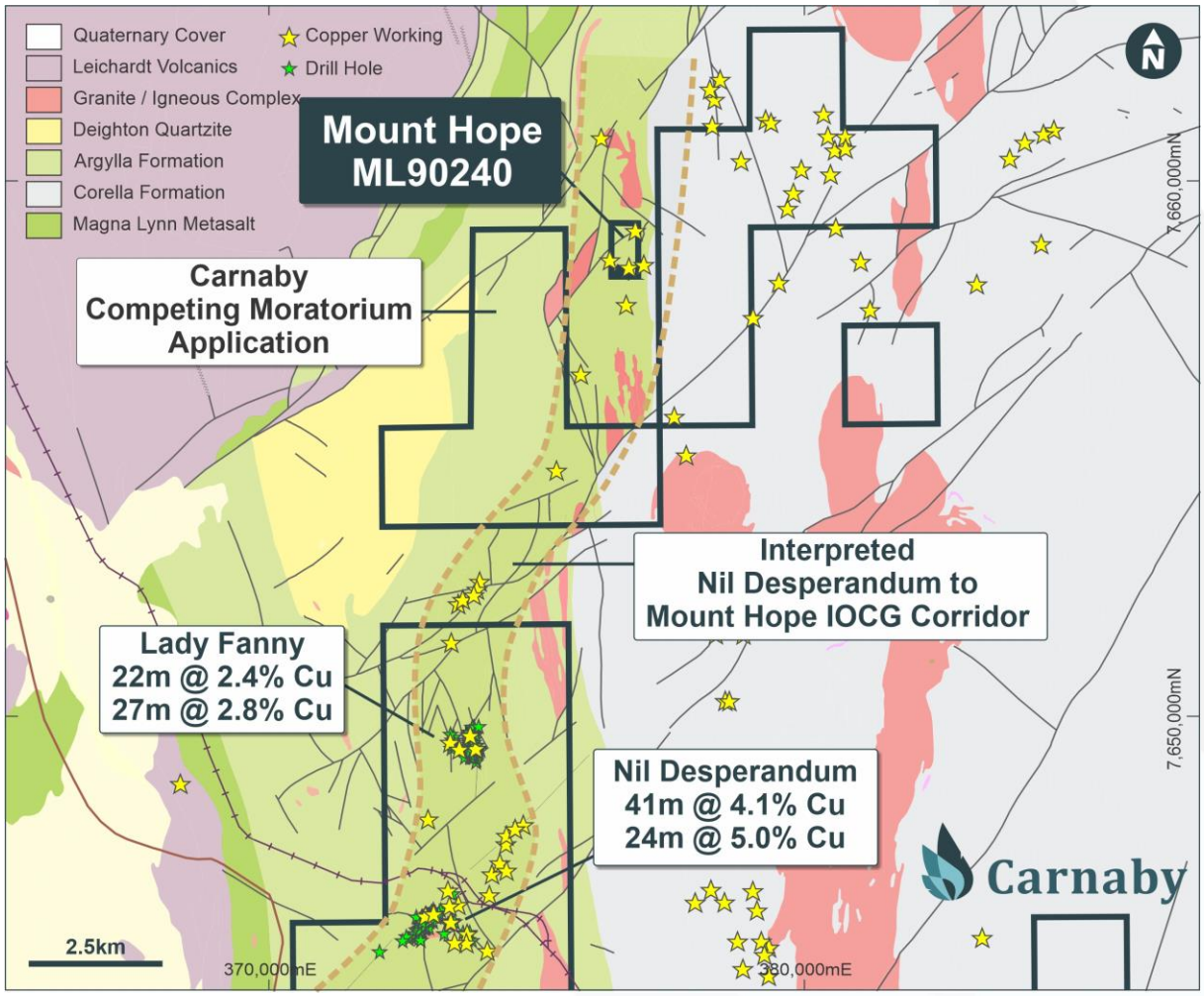

Figure 1. Mount Hope ML90240 regional geological location plan.

MOUNT HOPE HISTORICAL PRODUCTION AND EXPLORATION

Mount Hope was first discovered at the turn of the century and has been intermittently mined from the early 1900's with the main production occuring in the period 1967-1973 by Koolamarra Mining Pty Ltd. The deposit was predominantly mined to produce cupriferous silica flux ore for the Mt Isa smelter totalling 309,000t @ 1.9% copper for 5,900 tonnes produced[2]. In addition, a total of 12,000t @ 5.5% copper ore was also mined[2]. Total historical recorded production at Mount Hope is 322,000t @ 2.1% copper producing 6,600 tonnes of copper[1+2]. Open pit mining at Mount Hope was predominantly from three main very shallow unengineered pits known as Mount Hope, Mount Hope North and Binna Binna (Figure 2).

Copper mineralisation historically mined and exposed in the walls at Mount Hope is predominantly secondary malachite and cuprite ore in a hematite-quartz gangue. The ore zones are noted to have formed along structural corridors associated with biotite schists and along the contacts of quartz reefs and felsic units.

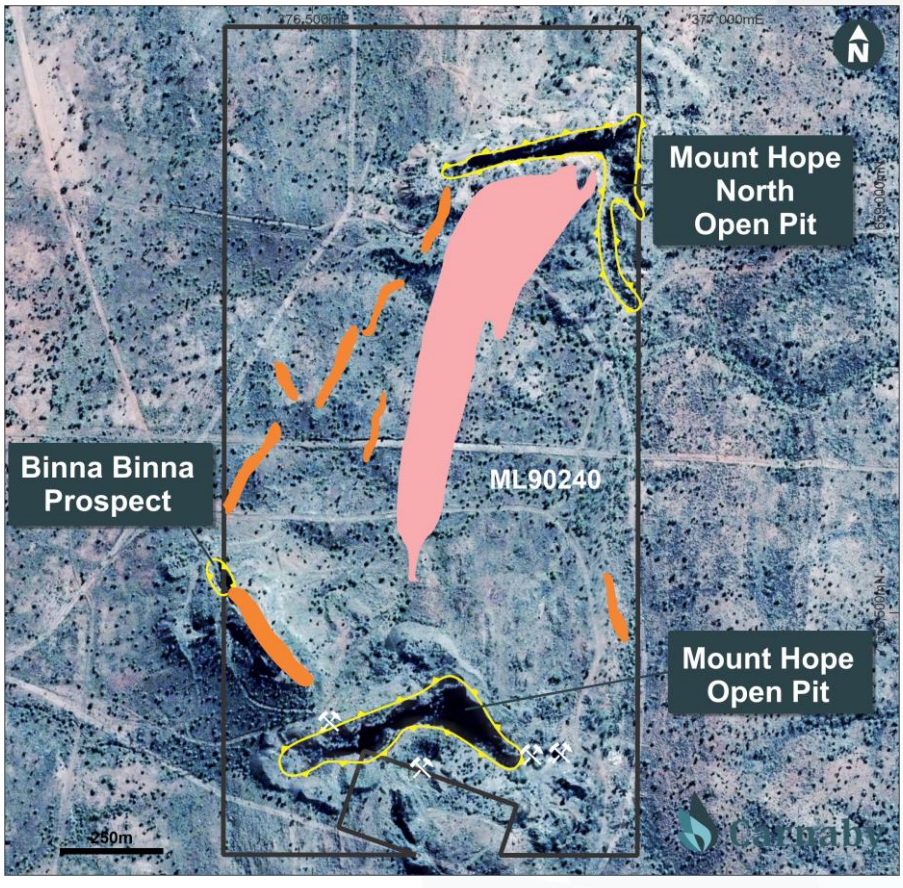

Figure 2. Mount Hope ML90240 aerial photo showing location of historical open pits in yellow, quartz reefs in orange and felsic foliated intrusion / gneiss in pink.

1 Duchess, QLD 4 Mile Geological Series, Bureau of Mineral Resources 1963

2 Geology of Duchess-Urandangi Region, Mount Isa Inlier, Queensland 1984

Remakably little recorded historical exploration has been completed within the Mount Hope mining lease. No verifiable or publicly available drill hole records have been located to date. This is the exactly the same situation as Lady Fanny prior to Carnaby completing the maiden drilling program. Presumably this is due only to long standing periods of privately held mining lease ownership.

The only significant verifiable historical exploration completed at Mount Hope was by Queensland Minex NL in 1997 who completed three lines of Induced Polarisation (IP). Chargeability anomalies were defined on all three lines associated with the main open pits and quartz reefs to the west.

MOUNT HOPE MAIN PIT

The Mount Hope Main open pit forms a similar geometry to the Mount Hope North Pit resulting in an arcuate style intersection of mineralised orientations that have been mined over a 300m strike length to depths varying from 5-10m to a maximum depth of approximately 40m (Figure 3). As occurs at the Mount Hope North pit, extensive secondary copper mineralisation is evident in the walls of the Mount Hope Main pit suggesting broad zones of copper gold mineralisation. Due to the steep pit walls the high grade core zones mined historically are almost entirely obscured by wall rock rubble that has covered the floors of the opens pits.

Figure 3. Mount Hope Main Pit looking west.

Figure 4. Mount Hope Main Pit showing extensive malachite copper mineralisation (green mineral) in the walls of the shallow pit.

Figure 5. Southwest end of Mount Hope Main Pit, looking NNW and showing a large quartz iron copper zone extending into the pit wall, also mined in a shaft from the edge of the pit.

Several notable historical shafts are located on the edges of the open pit and presumably date back to the earlier turn of the century periods of mining. One shaft located near the southwestern end of the Mount Hope Main pit appears to have targeted a large quartz iron oxide zone which is orthogonal to the main open pit and is spatially coincident with the SE strike intersection of the Binna Binna quartz reef (Figure 9).

Figure 6. Carnaby Managing Director Robert Watkins completing due diligence with a portable XRF machine, analysing the outcropping malachite copper mineralisation (green mineral).

MOUNT HOPE NORTH

The Mount Hope North open pit was developed on intersecting NS and ENE lines of lode that have been mined over a combined strike length of approximately 400m (Figure 7). The depth of the historical unengineered open pit varies from 5-10m to a maximum depth of approximately 30m (Figure 7). Widespread remnant secondary copper mineralisation is observable in the walls (Figure 8) and is presumably the lower grade copper mineralisation on the edges of the main mineralised zones which are obscured by rubble in the floor of the pits.

Figure 7. Mount Hope North open pit facing northeast.

The Mount Hope North pit intersects an ENE striking fault zone that also has extensive remnant secondary copper mineralisation in the walls of the open pit. The Mount Hope North pit mineralisation appears to have a strong structural control associated with multiple mineralised orientations.

A large silica and k feldspar alterered unit with variable secondary copper oxide staining occurs in the north wall of the open pit and is cored by a steeply dipping qtz-biotite schist / shear zone. This appears to be the northern continuation of the historically mined NS main shear zone (Figure 8).

Figure 8. Mount Hope North open pit showing extensive remnant malachite copper mineralisation (Green mineral) in walls of the pit.

BINNA BINNA QUARTZ HILL AND WESTERN QUARTZ REEFS

On the western side of the Mount Hope Mining Lease, a prominent northwest striking hill of outcropping quartz vein has historically been partly mined mainly on the contact zones of the reef (Figure 9).

Historical mapping indicates the NW striking Binna Binna quartz reef bends to a NE orientation and continues for approxiamtely 1km joining up to the western end of the Mount Hope North open pit. Numerous shallow pits are located along this 1km northeast striking quartz reef and while not extensively historically mined, it represents an excellent walk up drill target along with the main Mount Hope open pits.

Figure 9. Binna Binna quartz reef facing southeast and showing shallow mined out areas at the base of the reef.

MOUNT HOPE EXPLORATION PLAN

Carnaby plans to immediately commence detailed structural and lithological mapping of the entire Mount Hope Mining Lease to better understand the controls of the copper gold mineralisation and prioritise targets for drilling.

Induced Polarisation (IP) surveys will be trialled and tested to determine if it is as successful at identifying deeper primary copper mineralisation beneath the open pits at Mt Hope as it has been at Nil Desperandum and Lady Fanny to the south.

Carnaby plans to undertake a sizeable maiden first pass RC and diamond drilling program to scope out the scale, geometry and magnitude of the mineralised zones at Mount Hope. The program will commence as soon as possible post settlement.

MOUNT HOPE ML90240 DEAL SUMMARY

Carnaby is to acquire 100% of the Mount Hope Mining Lease ML90240 from private group Integrated Global Resources Pty Ltd. Settlement is subject to normal conditions precedent for an acquisition of this nature.

Consideration totals $1M cash and $1M worth of CNB Shares which are subject to a 12 month escrow period, both to be transferred at settlement, most likely to be over the coming weeks.

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

For further information please contact:
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Competent Person Statement

The information in this document that relates to exploration results is based upon information compiled by Mr Robert Watkins. Mr Watkins is a Director 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).

Disclaimer

References may have been made in this announcement to certain ASX announcements, including references regarding exploration results, mineral resources and ore reserves. 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) or Ore Reserves 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.

Recently released ASX Material References that relate to this announcement include:

Exceptional Drill Results at Greater Duchess 24m @ 5% Copper, 4 April 2022

Step Out Drilling Hits Southwest Extension of Nil Desperandum, 8 March 2022

Lady Fanny Shines and Expands On New IP Surveys and Drilling, 25 February 2022

Lady Fanny IP Survey lights Up Strong Chargeability Targets, 17 February 2022

Nil Desperandum Continues To Grow, 11 February 2022

Major Discovery Confirmed at Nil Desperandum, 4 February 2022

Lady Fanny Prospect – LFRC008 40m @ 1.0%Cu And 11m @ 1.7%Cu, 17 January 2022

Stunning First Drill Results Lady Fanny – 27m @ 2.8% Copper, 13 January 2022

Strong Drill Results at Nil Desperandum – 60m @ 0.9% Copper, 10 January 2022

Major Copper Gold Discovery 41m @ 4.1% Cu Inc 9m @ 10.3% Cu, 29 December 2021

CNB: Re-release of ASX Announcement dated 17 December, 21 December 2021

CNB: Re-release of ASX Announcement dated 13 December, 21 December 2021

Exploration Update – 10,000m of Drilling Underway, 25 November 2021

Greater Duchess Copper Gold Project Grows, 25 October 2021