Carnaby

December 2021 Quarterly Report

The Board of Carnaby Resources Limited (Carnaby or the Company) is pleased to provide the following quarterly update and Appendix 5B.

December 2021 Quarterly Highlights:

GREATER DUCHESS COPPER-GOLD PROJECT – MOUNT ISA, QUEENSLAND

- **Nil Desperandum Prospect**
  - Assay results confirmed an extremely high-grade copper-gold discovery at Nil Desperandum. Results include:
    - **NLDD044** **41m @ 4.1% copper, 0.5 g/t gold from 247m**
      including **24m @ 6.5% copper, 0.7 g/t gold from 251m**
      including **9m @ 10.3% copper, 1.2 g/t gold from 264m**
  - The high-grade copper intersection in NLDD044 remains completely open at depth and along strike to the southwest where further IP surveys are underway and drilling is to commence shortly.
- **Lady Fanny Prospect**
  - First known drilling ever conducted at Lady Fanny has outlined a broad shallow high-grade copper-gold deposit. Results include:
    - **LFRC009** **27m @ 2.8% Cu, 0.8 g/t Au from 61m**
      Including **9m @ 4.0% Cu, 0.3 g/t Au from 65m**
      And Including **11m @ 3.3% Cu, 1.6 g/t Au from 77m**
    - **LFRC013** **20m @ 2.3% Cu, 0.5 g/t Au from 30m**
      Including **6m @ 5.5% Cu, 1.4 g/t Au from 38m**
    - **LFRC012** **17m @ 2.1% Cu, 0.9 g/t Au from 74m**
      Including **7m @ 4.2% Cu, 2.0 g/t Au from 77m**

STRELLEY GOLD PROJECT – Mallina Basin, Pilbara, WESTERN AUSTRALIA

- **Alcazar Prospect**
  - Encouraging gold mineralisation has been intersected in composite drill results over consecutive 160m spaced drill sections and remains open:
    - **PLRC0112** **20m @ 0.45 g/t gold from 105m**
      Including 5m @ 1.52 g/t gold from 110m
    - **PLRC0114** **5m @ 1.82 g/t gold from 160m**
- **Big Hill Prospect**
  - A large 1.5 km by 0.5 km lithium soil anomaly associated with a discrete magnetic high unit on the Berghaus Shear Zone was defined, with first pass drill testing planned.

Cash as at 31 December 2021 increased to $5.8M (See corporate section)

ASX Announcement

19 January 2022

Fast Facts

Shares on Issue 125.2M

Market Cap (@ $1.75) $219M

Cash $5.8M[1]

[1]As of 31 December 2021

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
- Greater Duchess Copper-Gold Project, numerous camp scale IOCG deposits over 1,022 km^2 of tenure
- Nil Desperandum copper-gold discovery drill out commencing
- Projects near to De Grey's Hemi gold discovery on 442 km^2 of highly prospective 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

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GREATER DUCHESS COPPER-GOLD PROJECT (CARNABY 82.5 -100%)

Drill results released during and subsequent to the quarter end unveiled two outstanding new copper-gold discoveries at the Nil Desperandum and Lady Fanny Prospects within the Greater Duchess Copper-Gold Project. These results demonstrate the potential of the rapidly emerging >5 km long major Iron Oxide Copper-Gold (IOCG) corridor at Greater Duchess.

New tenement applications were lodged, which target the southern continuation of a strong structural corridor south of Nil Desperandum and have increased landholdings by 638 km^2 at Greater Duchess to 1,022 km^2 (Figure 1).

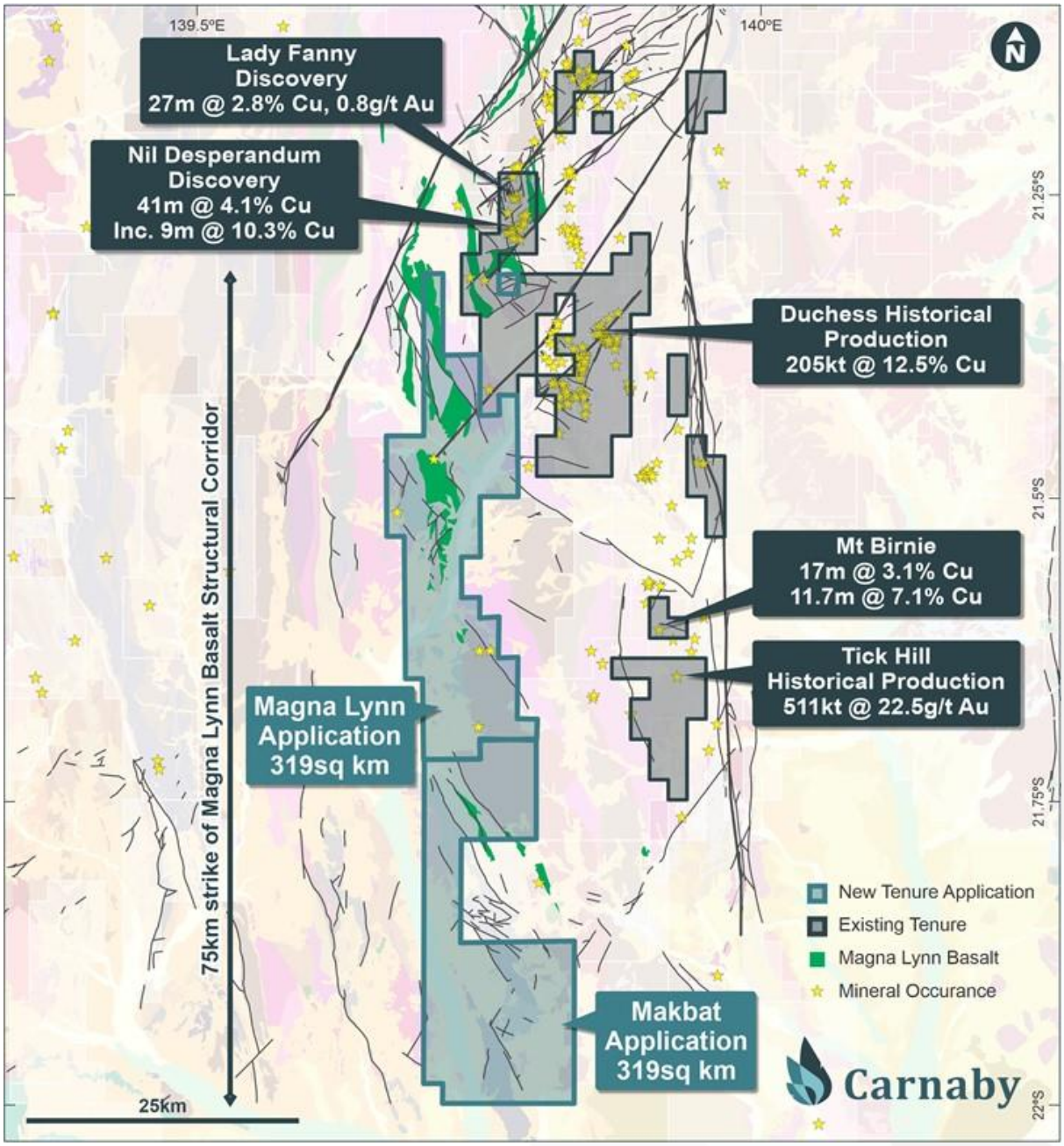

Figure 1. Greater Duchess Copper-Gold Project Location Plan.

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NIL DESPERANDUM PROSPECT (CARNABY 82.5%)

Assay results received from RC and diamond drilling conducted during the period at Nil Desperandum revealed a major copper-gold discovery at the prospect (See ASX Release 29 December 2021). **NLDD044,** planned to test the NLIP4 Induced Polarisation (IP) chargeability inversion anomaly for the first time (Figure 2), yielded a spectacular high-grade copper-gold intersection with results of:

- **41m @ 4.1% copper, 0.5 g/t gold from 247m**
  - **Incl. 24m @ 6.5% copper, 0.7g/t gold from 251m**
  - **Incl. 9m @ 10.3% copper, 1.2g/t gold from 264m**

The high-grade copper intersection in NLDD044 remains completely open at depth and along strike to the southwest where the plunge of the mineralisation appears to be flattening.

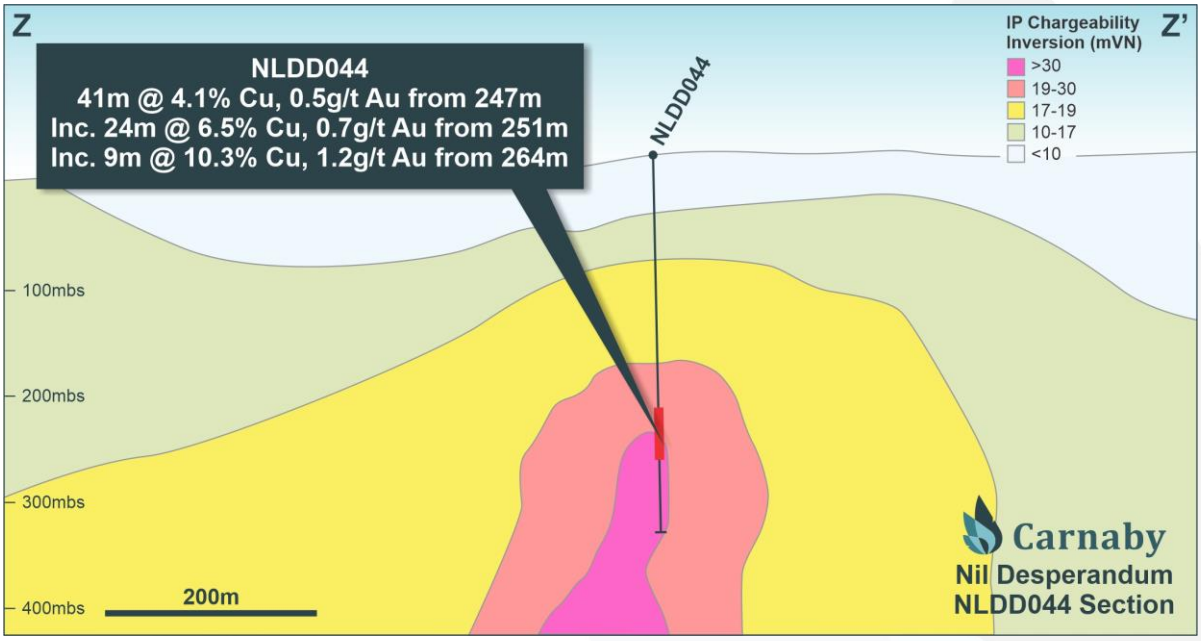

Figure 2. Drill Section showing NLDD044 and the NLIP4 IP chargeability anomaly.

Subsequent to the quarter end, the Company also announced strong drill results from NLDD042 of (see ASX Release 10 January 2022):

- **60.3m @ 0.9% copper, 0.1 g/t gold from 256m**
- **3m @ 1.1% copper, 0.2 g/t gold from 238m**

Importantly the result from NLDD042 confirms the excellent continuity of the main high-grade breccia shoot, being approximately 60m directly down plunge from the previously reported drill hole NLRC017 (Figure 3), which intersected **87m @ 0.9 % copper including 30m @ 1.8% copper** (see ASX release 5 July 2021).

Importantly, NLDD042 also lies approximately **80m north of the spectacular drill result in NLDD044** (Figure 3). Further drilling is required to confirm the continuity between these holes and to test for further extensions of high-grade mineralisation which remains open up and down dip and down plunge. As such, extensive new IP geophysical surveys have commenced targeting extensions of the NLIP4 IP anomaly to the southwest of NLDD044, where no previous IP surveys or drilling have been completed. Multiple drill rigs have been contracted, with one RC/DD rig commencing at the end of this week and a second rig to commence in early February 2022.

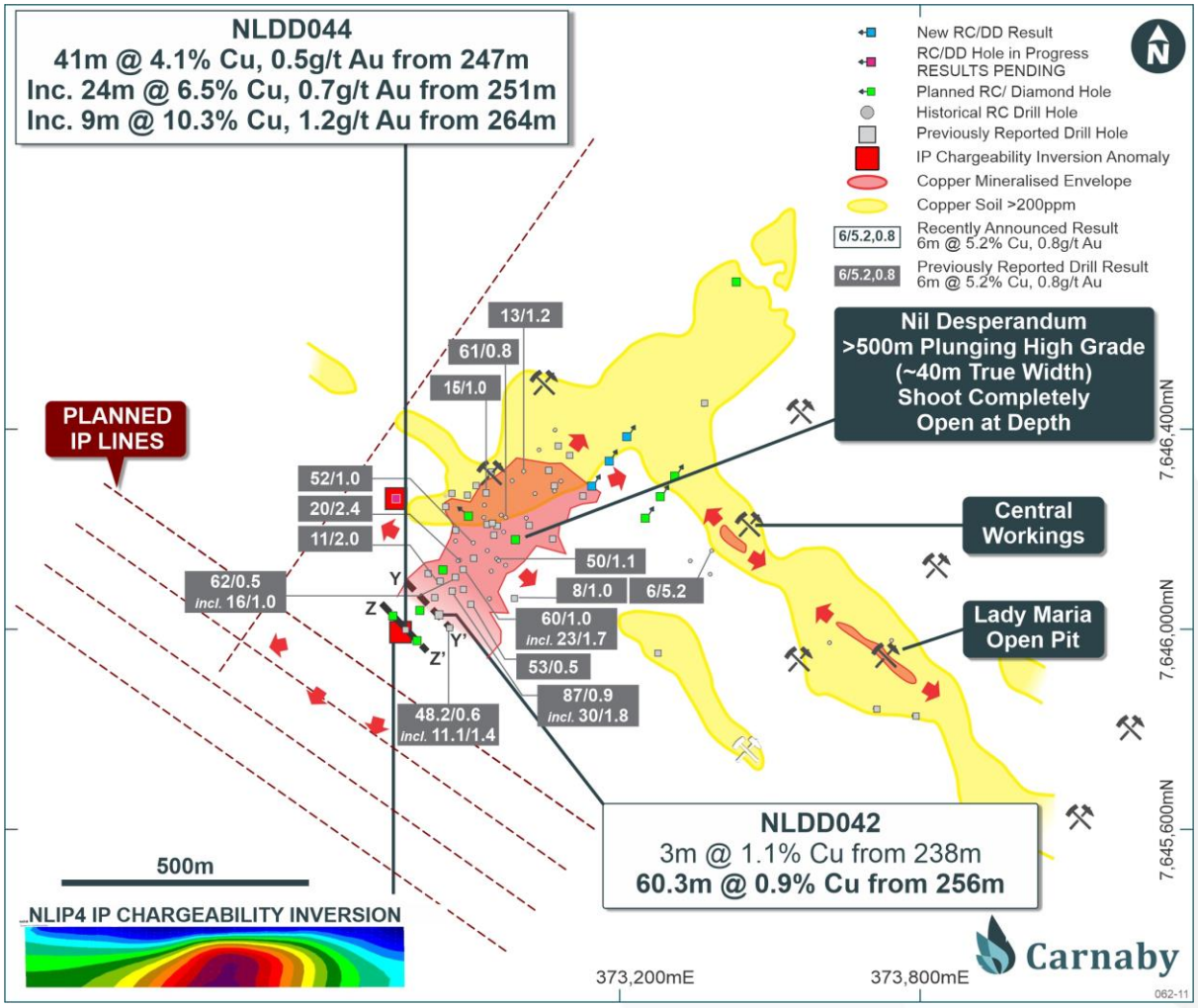

Figure 3. Nil Desperandum Plan Showing Prospects and drilling.

LADY FANNY PROSPECT (CARNABY 100%)

Stunning assay results from the first five holes drilled at Lady Fanny were announced subsequent to the quarter end, outlining a broad shallow high-grade copper-gold deposit (see ASX Release 13 January 2022). Significant results are:

- **LFRC009** **27m @ 2.8% Cu, 0.8 g/t Au from 61m**

  Including **9m @ 4.0% Cu, 0.3 g/t Au from 65m**

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	And Including	**11m @ 3.3% Cu, 1.6 g/t Au from 77m**
•	**LFRC013**	**20m @ 2.3% Cu, 0.5 g/t Au from 30m**
	Including	**6m @ 5.5% Cu, 1.4 g/t Au from 38m**
•	**LFRC012**	**17m @ 2.1% Cu, 0.9 g/t Au from 74m**
	Including	**7m @ 4.2% Cu, 2.0 g/t Au from 77m**

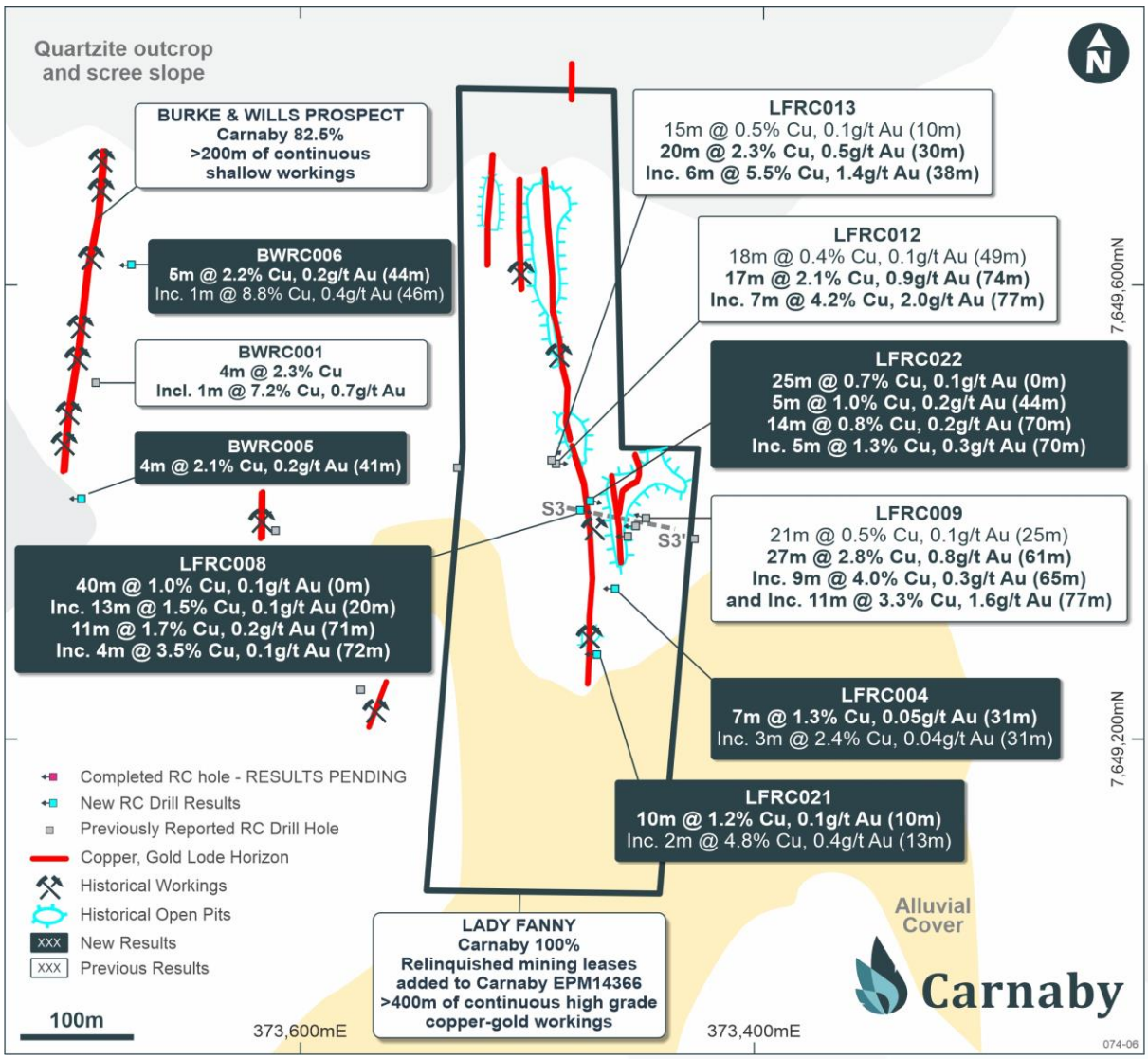

Figure 4. Lady Fanny and Burke and Wills Prospect Plan showing new drill results.

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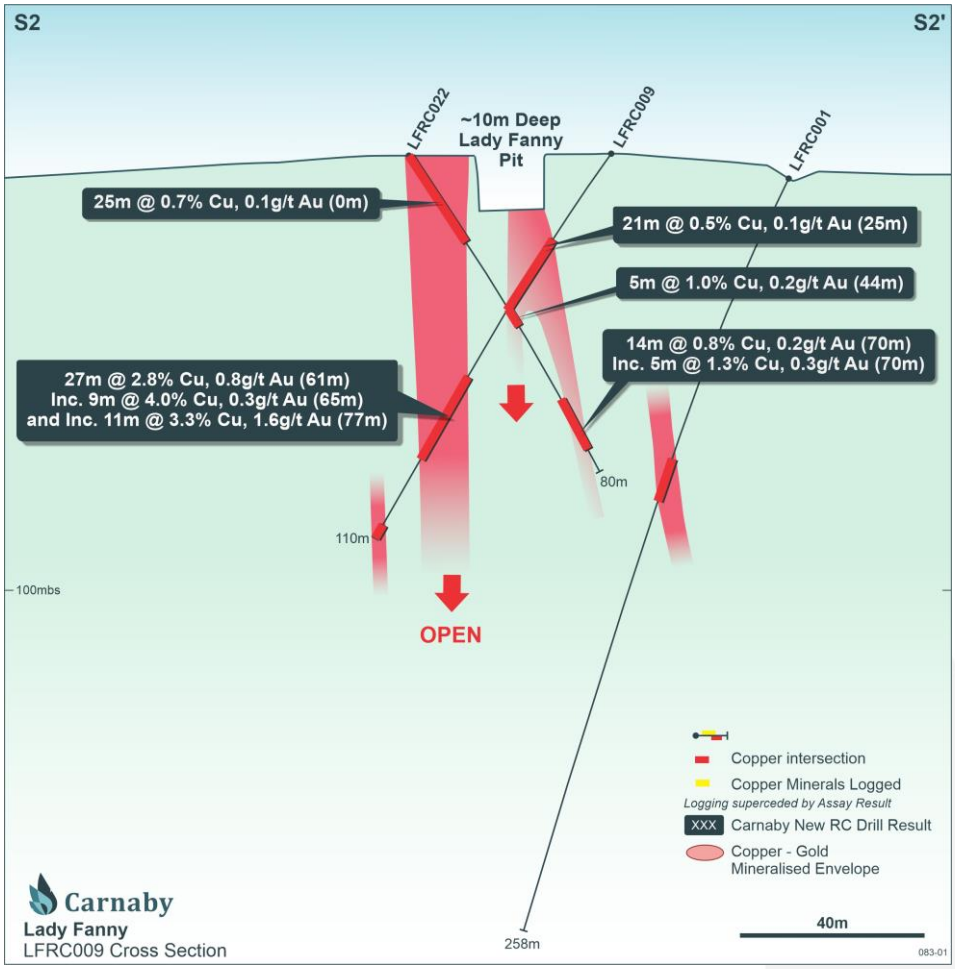

Figure 5. Lady Fanny Drill Section showing new drill result from LFRC009.

The Lady Fanny drill results are located only 3 km north of the high-grade Nil Desperandum discovery of 41m @ 4.1% copper, 0.5g/t gold (see ASX release 29 December 2021), which itself is completely open to the southwest, demonstrating how vastly underexplored the >5km long Iron Oxide Copper-Gold (IOCG) corridor is and the potential of this corridor to develop into a major new copper-gold district (Figure 1).

Carnaby plans to complete a major drill out of the >400m strike of the Lady Fanny lodes and explore for additional strike extensions to the north, where the mineralisation tracks under quartzite scree slope cover, and to the south where the outcropping mineralisation tracks under shallow alluvial cover. The prospect will also be targeted with ground IP surveys to aid with drill targeting.

BURKE AND WILLS PROSPECT (CARNABY 82.5%)

The Burke and Wills Prospect is located 400m west of Lady Fanny and consists of a north south striking shear lode horizon with shallow workings from the early 1900's (Figure 4).

Encouraging RC drill results have been received on three consecutive RC sections showing excellent continuity of grade over a strike length of greater than 200m with new results of;

- **BWRC006 – 5m @ 2.2% Cu, 0.2 g/t Au from 44m**
    - **Incl. 1m @ 8.8% Cu, 0.4 g/t Au from 46m**
- **BWRC005 – 4m @ 2.1% Cu, 0.2 g/t Au from 41m**

PILBARA GOLD PROJECTS – MALLINA BASIN, WESTERN AUSTRALIA

Carnaby's landholding in the Mallina Basin covers **442 km²** (Figure 6). During the quarter exploration activities were focussed primarily on the 100% owned Strelley and Big Hill Projects.

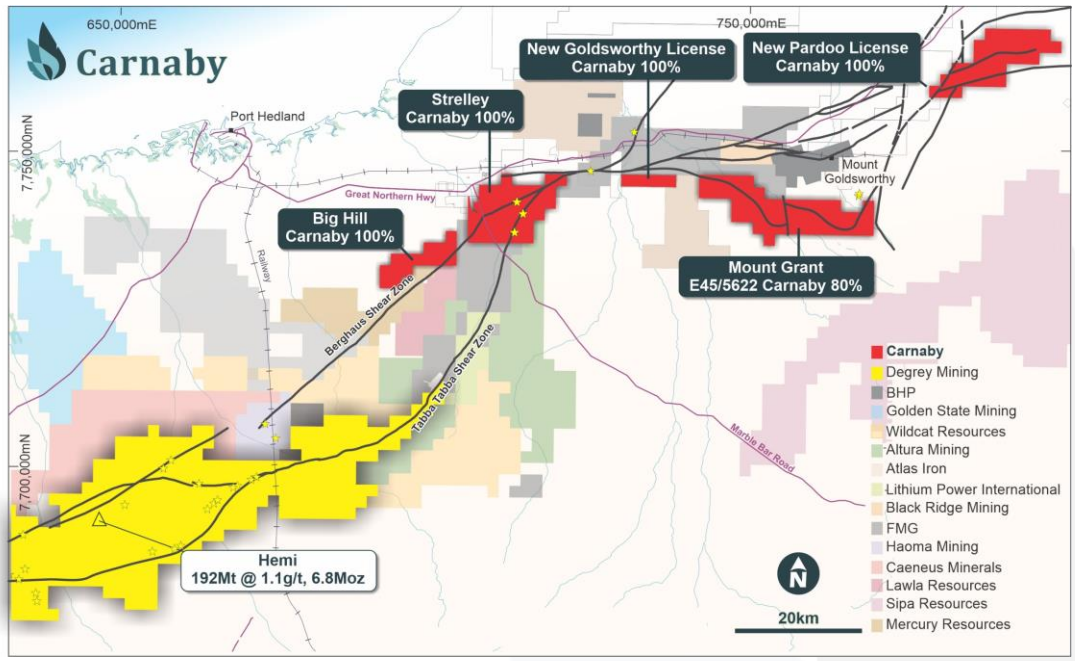

Figure 6. Carnaby Mallina Basin tenements showing location of the Strelley project and regional tenements covering 442 km².

STRELLEY PROJECT (CARNABY 100%)

RC drilling was completed at Strelley during the quarter where a total of 25 RC holes for 4,195m were drilled along the 4km Strelley Gold Corridor targeting the Alcazar, Stockade and Bastion Prospects.

Composite drill results have been received from 12 holes, while results from a further 13 holes are awaited due to slow laboratory turnaround in Western Australia during the Christmas period.

At the **Alcazar Prospect**, follow up drilling on the drill section of an earlier composite intercept of **5m @ 4.83g/t** from 110m in PLRC0051 (see ASX Release 27 October 2021) returned further encouraging gold mineralisation with a composite result of **5m @ 1.82g/t** from 160m in

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PLRC0114. A single RC hole was drilled 160m to the south of the PLRC0051, which intersected a highly encouraging broad zone of gold mineralisation with composite results of **20m @ 0.45g/t** gold from 105m including **5m @ 1.52g/t** from 110m in PLRC0112 (Figure 7). Drill hole PLRC0112 intersected strong disseminated sulphides and veining associated with the gold mineralisation. The intersections are hosted by a wide intrusion and remain open to the south and to the north where results from a further RC hole drilled are awaited.

At the **Bastion Prospect**, the target intrusion and encouraging alteration were recorded at the northern end of the Bastion Intrusion where composite results of **5m @ 1.03 g/t gold** from 110m in PLRC0071 and 5m @ 0.41g/t gold from 95m in PLRC0157 were intersected.

Results from a further 9 RC holes drilled targeting to the northeast of Bastion are pending (Figure 7).

At the **Stockade Prospect**, a total of four RC holes were drilled. Results from PLRC0159 recorded wide intervals of elevated composite gold results (Table 1). Results are pending from the other three holes.

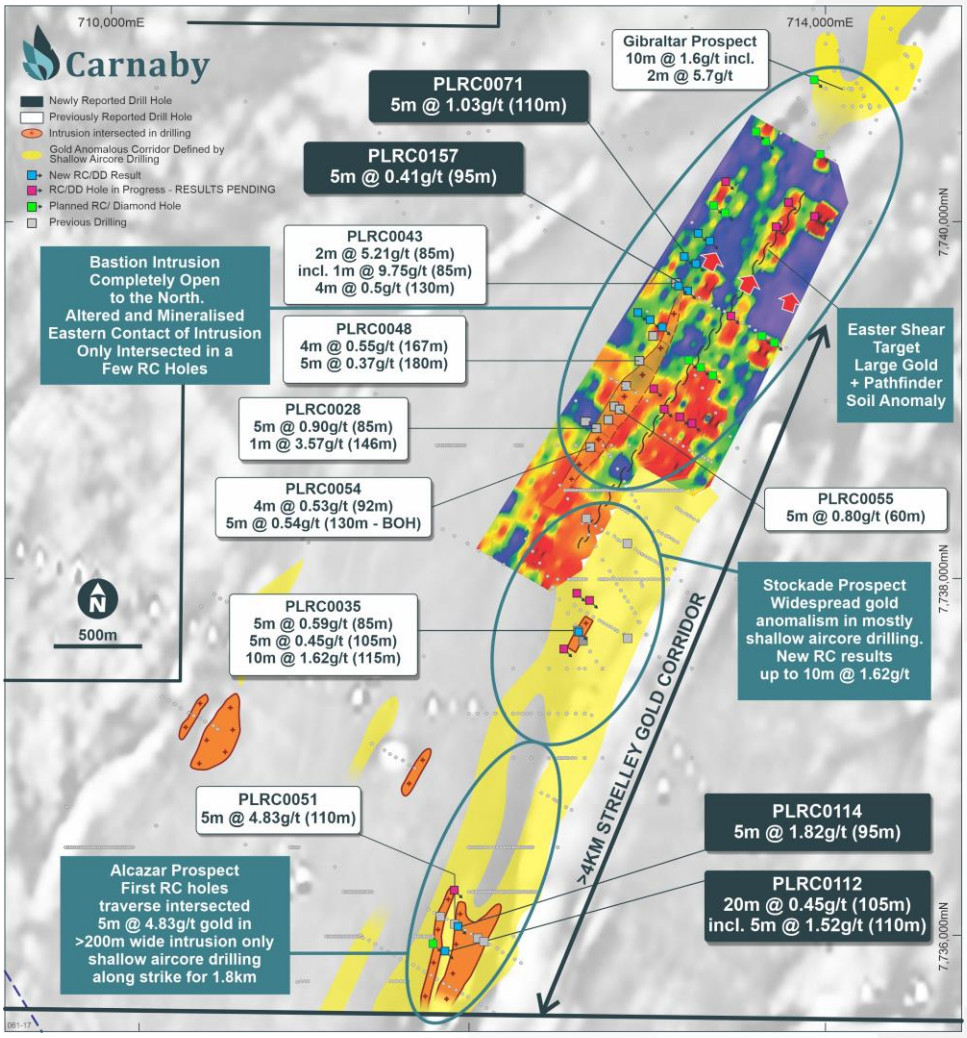

Figure 7. Plan of the 4km long Strelley Gold Corridor showing location of new RC drill results from the Alcazar, Stockade and Bastion Prospects.

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BIG HILL PROJECT (CARNABY 100%)

Soil sampling results from the Big Hill Project have highlighted a large 1.5 km by 0.5 km lithium soil anomaly with soil results up to 179 ppm Li (Figure 8) (see ASX Release 1 December 2021). The lithium soil anomaly is associated with elevated caesium (Cs) and tantalum (Ta) confirming a LCT pegmatite type anomaly target.

The Big Hill lithium soil anomaly is coincident with a discrete magnetic high unit located on a major fault structure (Berghaus Shear Zone) on the edge of the large Split Rock Supersuite intrusion, considered to be a similar geological setting to world class Pilgangoora and Wodgina lithium deposits located 60 and 80 kms north respectively.

First pass drill testing of the Big Hill lithium and gold soil anomalies is planned. Heritage clearances are complete, and drilling is planned for March subject to rig and personnel availability.

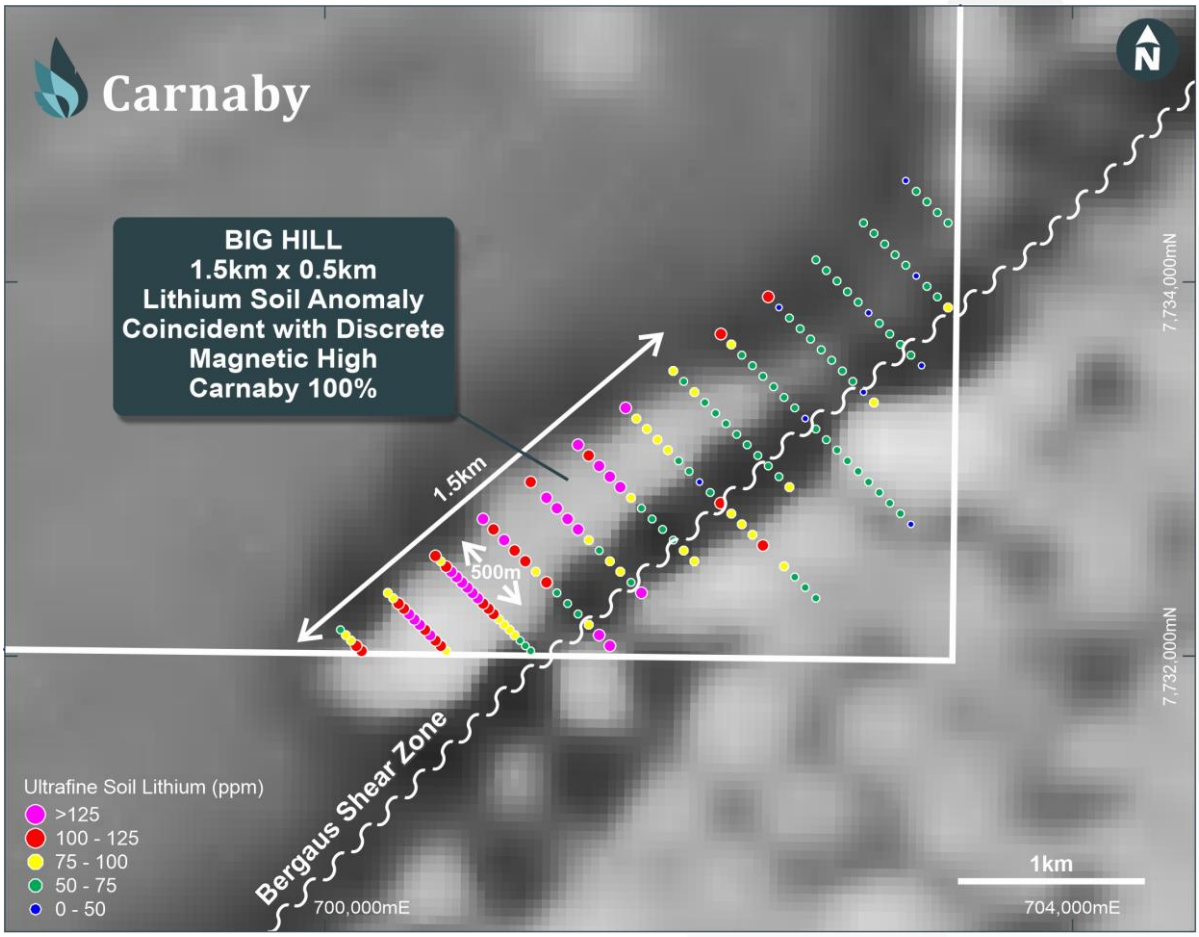

Figure 8. Big Hill Lithium Soil Anomaly Coincident with a Discrete Aeromagnetic High.

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CORPORATE

Cash and Restricted Cash

As at 31 December 2021, Carnaby held **$5.8 million** in cash which includes $0.36 million in restricted cash. Restricted cash comprises cash held in term deposits issued in the Company's name which have been used to provide security for the Company's bank guarantee facilities.

The Company has begun receiving proceeds from the sale of the Lainejaur project in Sweden for total consideration of **$1.5 million** (See ASX release 19 July 2021). The first payment of **$750,000** was received in late December 2021.

The Company also received **$560,000** during the quarter due to the exercise of Unlisted Share Options by directors, see ASX release 31 December 2021 for details.

No further proceeds from a 5% royalty on the Tick Hill Tailing Retreatment Project (see ASX release 3 August 2020) were received during the quarter while site operational improvements continue. Cumulative royalties received to date are **$381,000.** Production is due to recommence over the coming quarter.

Additional ASX Information

- ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the quarter ending 31 December 2021 was $791,986.
- ASX Listing Rule 5.3.2: There were no substantive Mining Production and Development activities conducted during the quarter.
- ASX Listing Rule 5.3.5: During the quarter ending 31 December 2021, the Company paid $104,683 to related parties representing Directors' salaries, fees and superannuation.

Please refer to the following Appendix 5B for further information regarding movements in cash during the quarter.

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 and all exploration results 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

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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.

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Appendix 1 | Carnaby Resources Limited Tenements

Tenement	Location	Ownership
Tick Hill Gold and Copper Project		
ML7094	Queensland	100%
ML7096	Queensland	100%
ML7097	Queensland	100%
EPM9083	Queensland	82.5%
EPM11013	Queensland	82.5%
EPM14366	Queensland	82.5%
EPM14369	Queensland	82.5%
EPM17637	Queensland	82.5%
EPM18223	Queensland	82.5%
EPM18990	Queensland	82.5%
EPM19008	Queensland	82.5%
EPM25435	Queensland	82.5%
EPM25439	Queensland	82.5%
EPM25853	Queensland	82.5%
EPM25972	Queensland	82.5%
EPM26651	Queensland	100%
EPM27101	Queensland	100%
EPM 27822	Queensland	100%
Malmac Gold and Base Metals Project		
E69/3509	Western Australia	100%
E69/3510	Western Australia	100%
E69/3702	Western Australia	100%

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Tenement	Location	Ownership
Throssel Gold Project		
E38/3289	Western Australia	100%
Pilbara Projects		
E45/5743	Western Australia	100%
E45/4638	Western Australia	100%
E45/5622	Western Australia	80%
E45/5819	Western Australia	100%
E45/5822	Western Australia	100%
E45/4801	Western Australia	100%

Mining tenements acquired: Nil.

Mining tenements disposed or relinquished: Nil

Beneficial percentage interests held in farm-in or farm-out agreements: Nil.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil.

Table 1. Strelley Composite RC Drill Results

Location	Hole ID	Easting	Northing	Azimuth	Dip	Depth From	Interval	Au (g/t)	Comments
Bastion	PLRC0062	713091	7739417	121.47	-59.68			N.S.A	
Bastion	PLRC0063	713022	7739453	123.07	-60.41			N.S.A	
Bastion	PLRC0064	712953	7739497	122.47	-59.56			N.S.A	
Bastion	PLRC0070	713260	7739775	122.28	-59.95			N.S.A	
Bastion	PLRC0071	713216	7739804	121.18	-59.23	110	5	1.03	5m Comp
Bastion	PLRC0076	713355	7739897	120.58	-59.9	80	5	0.1	5m Comp
Bastion	PLRC0077	713290	7739937	123.43	-60.06			N.S.A	
Alcazar	PLRC0112	711873	7735924	122.68	-59.06	65 105 incl 110	10 20 5	0.15 0.45 1.52	5m Comp 5m Comp 5m Comp
Alcazar	PLRC0114	711945	7736058	121.41	-60.31	50 incl 50 95 125 160	15 5 5 5 5	0.16 0.36 0.16 0.14 1.82	5m Comp 5m Comp 5m Comp 5m Comp 5m Comp
Bastion	PLRC0157	713181	7739639	120.03	-60.54	95	5	0.41	5m Comp
Bastion	PLRC0158	713226	7739609	120.43	-59.89			N.S.A	
Stockade	PLRC0159	712622	7737705	152.15	-60.35	25 65 incl 90	5 30 5	0.11 0.12 0.28	5m Comp 5m Comp 5m Comp

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Section 1. Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	• Strelley Aircore samples were collected using a cyclone with a 1-2kg scoop sub-sample taken from either individual metre intervals or over composite intervals of 2-10m. Where the composite result exceeded 50ppb, the individual 1m samples composing the composite were scoop sampled and submitted for analysis. • Strelley RC samples were collected via an adjustable cone splitter mounted below the cyclone. A 2-3kg sample was collected from each 1m interval. The remainder of the sample for each 1m interval was collected in a green plastic bag. Composite samples were collected from the green bags using a spear tube over a 5m interval. Where the composite result exceeded 50ppb, the 1m cone split samples comprising the interval were collected for analysis. • Strelley Diamond samples were collected from half cut core with the left side of the orientation line sampled. 1m sample intervals were taken with smaller intervals also taken within the mineralised zones. • Samples from aircore and RC (5m composites) were pulverised to obtain a 25g charge for aqua regia digest and ICP-MS analysis of Gold at trace level. The end of hole sample of every air core hole at Strelley was analysed for full-suite multi-elements using aqua regia digest and an ICP-MS finish at trace level in addition to gold. All 1m resampling of composite intervals at Strelley were pulverised to obtain a 50g charge and analysed using Fire Assay with an AAS finish at Ore Grade detection levels. • Diamond core at Strelley was pulverised to obtain a 30g charge and analysed using fire assay with an AAS finish to a detection limit of 0.01ppm Au. **Soils Samples** • Soil samples collected by Carnaby Staff. Involved the removal of 10cm of surface material and the collection of soil at the "B Horizon". Approximately 1kg of soil was sieved to collect -2mm grain size fraction. Approximately 200g of the sieved soil was collected in soil geochemistry packets for analysis at the lab. • Sample submitted to Labwest for Ultrafine + method developed by the CSIRO for exploration of blind deposits
Drilling techniques	• Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Aircore drilling was undertaken by Bostech Drilling using a 3.5" aircore blade bit. A hammer bit was used in selected bottom of holes and to penetrate occasional resistive units in the weathered horizon. • RC drilling was undertaken by Ranger drilling and Mt Magnet using a 5.5" face sampling bit. • Diamond Drilling was undertaken by Seismic Drilling Services. Coring from surface was conducted using a HQ bit in the weathered zone before reducing to NQ2 size in fresh rock. Two holes were completed as NQ2 diamond tails from the bottom of existing RC holes.

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Criteria	JORC Code explanation	Commentary
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• For the diamond drilling both drilled and recovered metres were recorded for each drill run. Core recoveries of around 97% were recorded. • RC samples were dry and with high recoveries. The cone splitter was set to achieve an approximate 2-3 kg of sub sample for every metre drilled. • Aircore samples were recovered dry and with consistent high sample recovery observed in the field.
Logging	• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged.	• Historical logging was completed by geologists and is at a level sufficient to generate maps, plans and sections found in company reports. • All recent core and chips were logged with Maxgeo Logchief software and uploaded to the company hosted Maxgeo database. Logging recorded lithology, structure, veining, alteration, mineralisation and weathering. All core was orientated and structural measurements recorded. Core is photographed after mark up and prior to cutting. **Soil Samples** • Soils samples were logged in the field with respect to the regolith type and landform features.
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• HQ & NQ2 drill core was half cut with core from the non-marked side of the orientation line taken for analysis. The majority of intervals of half cut core were 1m. • For RC samples, all individual samples were collected using a cone splitter mounted beneath the cyclone to collect a 2-3kg sample. RC composite samples >1m were sampled using a 50mm spear/tube from inside the bulk green bag sample. The sample collect was dry. • Aircore samples are scoop sampled from the ground shortly after leaving the cyclone. Samples collected are in the 1-2kg range. • The sample size collected is considered appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• Air core and RC samples from Strelley were analysed at ALS in Perth using a 25g aqua regia digest and an ICP-MS finish for trace level gold. Carnaby selected standards of various levels were inserted at approximately every 50th sample and blanks at the start or every hole. 1m resamples of composite samples exceeding 50ppb will be sent to ALS Perth for analysis using a 50g charge and fire assay with an AAS finish at ore grade detection levels. For hole PLRC043, 1m samples in the 85-87m range were analysed using screen fire assay on a 1kg sample screened to 100um. A duplicate 30g assay was undertaken on screen undersize and the entire oversize fraction was assayed. • Diamond samples from Strelley were analysed at ALS in Perth using a 30g fire assay with an AAS finish to a detection limit of 0.01ppm Au. Carnaby selected standards were inserted at every 50th sample. • Acceptable levels of accuracy and precision have been established. Soil Samples

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Criteria	JORC Code explanation	Commentary
		• The Ultrafine + method developed by the CSIRO for exploration of blind deposits was considered an appropriate method for detecting gold and base metals given the shallow transported cover most of the Malmac project. • No standards were used in the reporting of results.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• At the prospect scale the quality of the Strelley data is currently considered acceptable for exploration purposes. Further investigation and validation will be undertaken as work programs progress.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• Grid systems used for Strelley was MGA94/50. • Current RC holes were downhole surveyed by Reflex True North seeking gyro. • Soil Location points were collected using a Garmin handheld GPS with an accuracy of +/-3m.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Reconnaissance aircore and RAB drilling was completed at 640m x 80m spacing, closed up to 320m x 40 m. Minimum infill aircore hole spacing on some lines is 20m. RC drilling hole spacing on drill lines is typically around 100m. • Soil sampling was undertaken on lines spaced at 160m x 40m at Bastion Prospect and mostly 320m x 80m spacing at Big Hill Prospect.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• The southern half of the project containing the Tabba Tabba Shear strikes approximately NNE and is considered to be well tested with EW drill and soil sample lines. In the northern half of the project where the Tabba Tabba Shear bends to a NE orientation coincident with a NE fault, the orientation of the historical soil sampling and drill traverses is considered to be at a non-optimal orientation. • New aircore and RC drill lines at Strelley have been orientated perpendicular to the interpreted strike of the major shear zones to reduce any potential sampling bias of the zones being reported. • Measurements of orientated core at Strelley has determined the key structural orientations which will assist with future planning of drill holes.
Sample security	• The measures taken to ensure sample security.	• Drill samples for Strelley were dispatched by Carnaby staff directly to the transport company depot in Port Hedland for transport to ALS labs in Perth. • Soil and rock chip samples were transported from the field to the lab by Carnaby Staff.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• No external audits or reviews have been undertaken of the recent sampling techniques and data.

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Section 2. Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section).

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• ELA45/5614 is an exploration licence application owned 100% by Carnaby Resources Ltd. • E45/4638 is a granted exploration license which is being transferred from Lithium Power WA Holdings Pty Ltd (LPWA) to Carnaby Resources Ltd as part of an agreement whereby LPWA's parent, Lithium Power International Ltd retains certain mineral rights relating to Lithium minerals. Carnaby own 100% of the gold rights on the tenement and are liable for a 1% NSR royalty. Heritage surveys and plan of works have been completed on the tenement. • E45/4801 is a granted exploration license which is being transferred from Lawla Resources Pty Ltd to Carnaby Resources Ltd. Carnaby Resources own 100% of the mineral rights and are liable for a 1% NSR royalty. Heritage surveys have been completed.
Acknowledgment and appraisal of exploration by other parties.	• Acknowledgment and appraisal of exploration by other parties.	• Shaw River Manganese Limited completed the original gold exploration on the tenement delineating several gold anomalies in soils and drilling.
Geology	• Deposit type, geological setting and style of mineralisation.	• The Strelley project is located in the northern part of the Archean Pilbara Craton. The tenement is located within the Mallina basin group greenstone and intrusives on the district scale Tabba Tabba Shear zone which hosts significant gold mineralisation to the SW within De Greys Mining Ltd's tenure. The recent discovery of the intrusion related Hemi gold discovery by De Grey Mining Ltd has generated significant new interest in the Mallina Basin. Within the Strelley project late intrusive rocks equivalent in age to the Hemi gold discovery are present. Gold mineralisation intersected in the Strelley project to date is associated with silicification and quartz veining.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• Included in report. Refer to the report and Table 1.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated	• Strelley aircore intercepts were calculated using a lower cutoff of 0.05g/t and no internal dilution. Strelley RC significant intercepts were calculated using a lower cutoff of 0.10g/t and a maximum of 3m of internal dilution. Diamond core significant mineralised envelopes were calculated using a 0.1g/t lower cutoff and included internal dilution.

Criteria	Explanation	Commentary
	and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• All drill intercepts have been reported as downhole lengths and not enough information is present to know the true widths of these intersections.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• See the body of the announcement.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	• The exploration results should be considered indicative of mineralisation styles in the region.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• As discussed in the announcement
Further work	• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Planned exploration works are in the process of being prepared.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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Name of entity

CARNABY RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
62 610 855 064	31 December 2021

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers*	-	221
1.2	Payments for		
	(a) exploration & evaluation	(792)	(2,115)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(245)	(462)
	(e) administration and corporate costs	(77)	(167)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,111)**	**(2,515)**

* Proceeds from sale of Tick Hill tailings

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(2)
	(c) property, plant and equipment	(2)	(2)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements*	750	750
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(748)**	**(746)**

* First payment proceeds from sale of the Lainejaur Project in Sweden.

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	580	580
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings *	(6)	(12)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (transfers to Restricted Cash) **	(19)	(19)
3.10	**Net cash from / (used in) financing activities**	**554**	**548**

* Represents payment for leases prescribed under the accounting standard AASB16 Leases

** Restricted Cash comprises cash held in term deposits in the Company's name which have been used to provide security for the Company's recently established bank guarantee facility (lease of office premises).

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,250	6,662
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,111)	(2.515)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	748	746

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Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	554	548
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**5,441**	**5,441**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,141	850
5.2	Call deposits	3,300	4,400
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)** *****Balance excludes Restricted Cash of $357k. Restricted Cash comprises cash held in term deposits in the Company's name which have been used to provide security for the Company's bank guarantee facility.	**5,441***	**5,250***

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	105
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments to related parties represent Directors salaries, fees and superannuation.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,111)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,111)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,441
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,441
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	5

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not Applicable

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not Applicable

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: Not Applicable	

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 19 January 2022.....

Authorised by: The Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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