

GREATER DUCHESS COPPER GOLD PROJECT EXPLORATION UPDATE

Carnaby Resources Limited (ASX: CNB) (**Carnaby** or the **Company**) is pleased to provide an exploration update on its Greater Duchess Copper Gold Project in Mt Isa, Queensland.

Highlights

- Extensive copper-gold mineralisation is present over **70 km of Iron Oxide Copper Gold (IOCG) targets** within Carnaby's tenure south of Hammer Metals (HMX) new Trafalgar copper gold discovery (Figure 1). Follow up geophysics, drilling and initial resource estimates will be completed in 2021.
- The **Nil Desperandum** prospect is a stand out copper-gold target with broad and high grade copper mineralisation present over a 1.5 km strike not drilled since the 2007 Global Financial Crisis. Results include;
ND010 **20m @ 2.4 % copper**
ND012 **52m @ 1.0 % copper inc 24 m @ 1.5 % copper**
NDR017 **50m @ 1.1 % copper inc 19 m @ 2.3 % copper**
NDR021 **6m @ 5.2% copper and 0.84 g/t gold**
- New tenement application adjoining **Nil Desperandum** increases ground holdings to 384 km².
- At **Mount Birnie**, 4 km north of Tick Hill, further ground geophysics and drilling will be completed in 2021 following up shallow high grade copper mineralisation intersected by Carnaby in 2019 and from historical drilling including;
MBC002 **15m @ 2.1 % copper inc 6m @ 4.4 % copper**
MBC006 **2m @ 3.2 % copper and 17 m @ 3.1 % copper**
DDH03 **11.7m @ 7.1 % copper**
DDH06 **13m @ 3.3 % copper inc 4.1m @ 8.5% copper**

The Company's Managing Director, Rob Watkins, commented:

"The Greater Duchess Copper Gold Project is a camp scale cluster of potentially open pit shallow IOCG deposits within trucking distance to nearby competing processing plants. There is clearly underlying and emerging value in our copper assets which we will bring to the forefront in 2021. Drilling at Greater Duchess is planned to commence in Q2 following the current 8,000 m drill program at Strelley in the Pilbara which will commence next week."

ASX Announcement

17 February 2021

Fast Facts

Shares on Issue 117.8M

Market Cap (@ 24 cents) \$28.3M

Cash \$8.3M¹

¹As of 31 December 2020

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
- Commenced exploration at the Mallina Basin in the Pilbara of WA
- Projects near to De Grey's Hemi gold discovery on 442 km² 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
- 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
- 384 km² surrounding exploration package containing numerous gold and copper targets

²Refer ASX release 5 June 2020, to be adjusted following Tailings Sale & NSR Royalty Agreement, refer ASX release 3 August 2020

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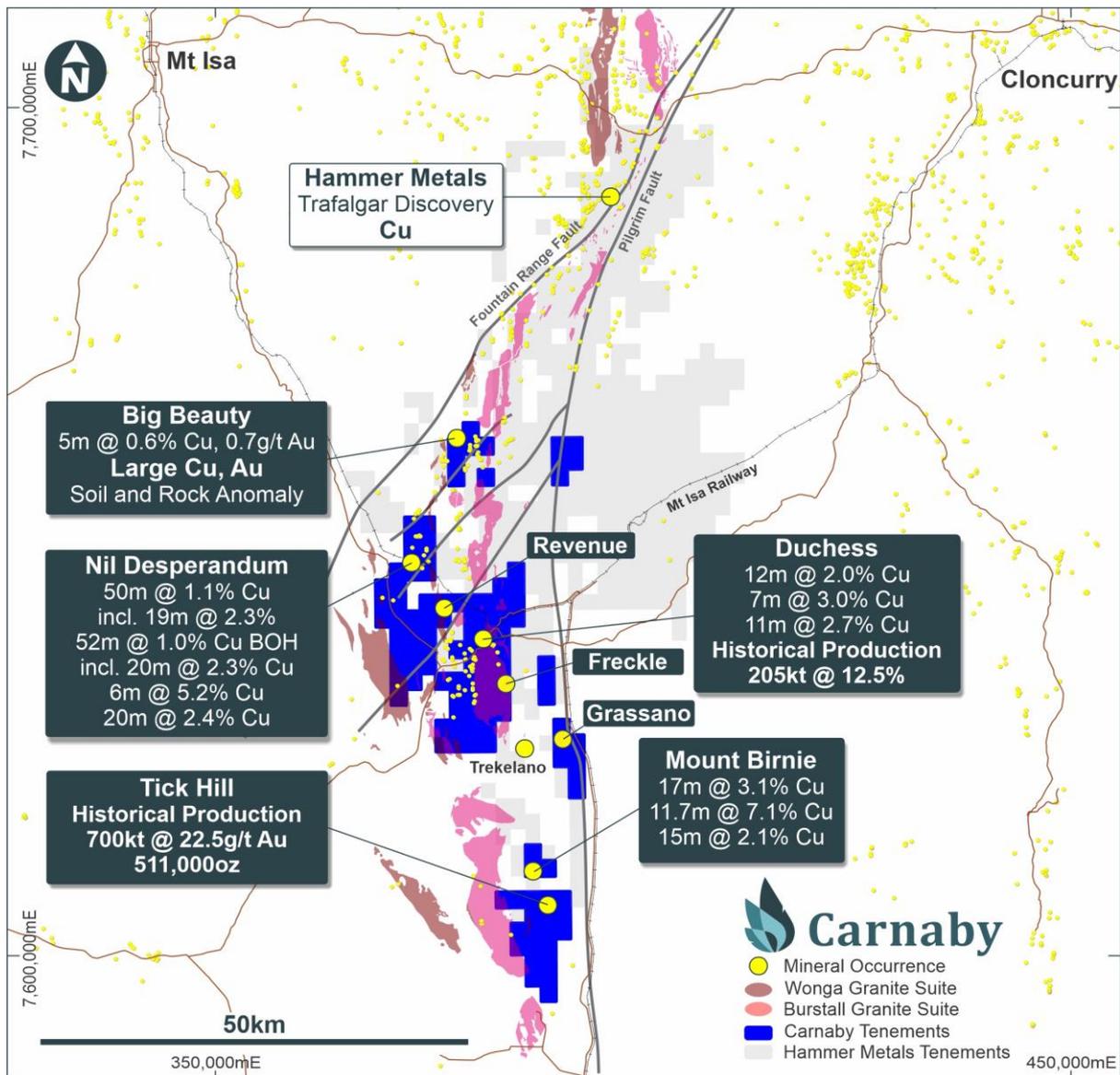


Figure 1. Duchess Copper-gold Project showing location of target areas.

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

The Greater Duchess Copper Gold Project encompasses over 70 km of IOCG targets north of the Tick Hill gold deposit, centred around the historical Duchess copper mining district. The IOCG mineralisation is structurally controlled and hosted within the Mary Kathleen group rocks that host numerous copper deposits including the new Trafalgar copper-gold discovery by Hammer Metals (HMX) to the north (Figure 1).

The Greater Duchess Copper Gold project includes numerous shallow IOCG deposits in a camp scale setting. Individual deposits within the project include Nil Desperandum, Mount Birnie,

Duchess, Big Beauty, Freckle and numerous other target areas of shallow historical workings, large soil anomalies and undrilled outcropping mineralisation.

Potential exists to define several shallow open pittable resources that can be amalgamated into a single mining project and hauled to nearby processing facilities at either Mt Isa, Cloncurry or Osborne or to discover a large stand alone IOCG deposit.

Carnaby intends to complete ground Induced Polarisation (**IP**) surveys followed up with RC drilling at several high priority targets including Nil Desperandum and Mount Birnie in 2021. Recent petrophysical work on diamond core from Mount Birnie and other historical reports has highlighted that IP generates a strong response to the sulphide mineralisation as opposed to traditional electromagnetic (**EM**) techniques which appear to be less effective.

The Greater Duchess Copper Gold project is also prospective for Tick Hill style high grade gold mineralisation which is considered to be an epigenetic end member IOCG deposit. Exploration will continue at the Tick Hill near mine and regional high grade gold targets in 2021.

NIL DESPERANDUM

Nil Desperandum is a series of shallow historical workings over a **1.5 km strike** that was last drilled in 2007 prior to the GFC. Historical drilling has intersected very significant widths and grade of copper-gold mineralisation characterised by disseminations and veinlets of chalcopyrite and pyrite within a biotite schist. Significant historical drill results include;

ND010	20 m @ 2.4 % Cu, 0.27 g/t Au from 111 m
ND012	52 m @ 1.0 % Cu, 0.15 g/t Au from 93 m to BOH inc 24 m @ 1.5 % Cu from 113 m
NDR013	67 m @ 0.8 % Cu from 101 m inc 16 m @ 2.0 % Cu, 0.2 g/t Au from 150m
ND016	29 m @ 0.5 % Cu from 55 m
NDR017	50 m @ 1.1 % Cu, 0.22 g/t Au from 111 m inc 19 m @ 2.3 % Cu, 0.56 g/t Au from 112 m
NDR021	12 m @ 2.7 % Cu, 0.43 g/t Au from 15 m inc 6m @ 5.2% Cu and 0.84 g/t Au from 21 m

The main Nil Desperandum workings have been drilled over a 300m NE strike length which is completely open down plunge to the SW and at depth where an untested EM conductor plate is present 50 m below the current level of drilling (Figure 2). The NE strike extent of the mineralisation appears to bend around to a SE orientation where a 300 m gap in the drilling is present between results of **29 m @ 0.5 % copper** from 55 m in ND016 and the central

workings where limited shallow drilling has intersected up to **6 m @ 5.2 % copper and 0.84 g/t gold from 21 m** (Figure 2).

The historical workings and surface geochemical anomalies continue for another 900 m to the SE where only 2 shallow holes have been drilled historically.

Carnaby will complete IP surveys and RC drilling commencing in Q2 aiming to complete an initial resource estimate by years end.

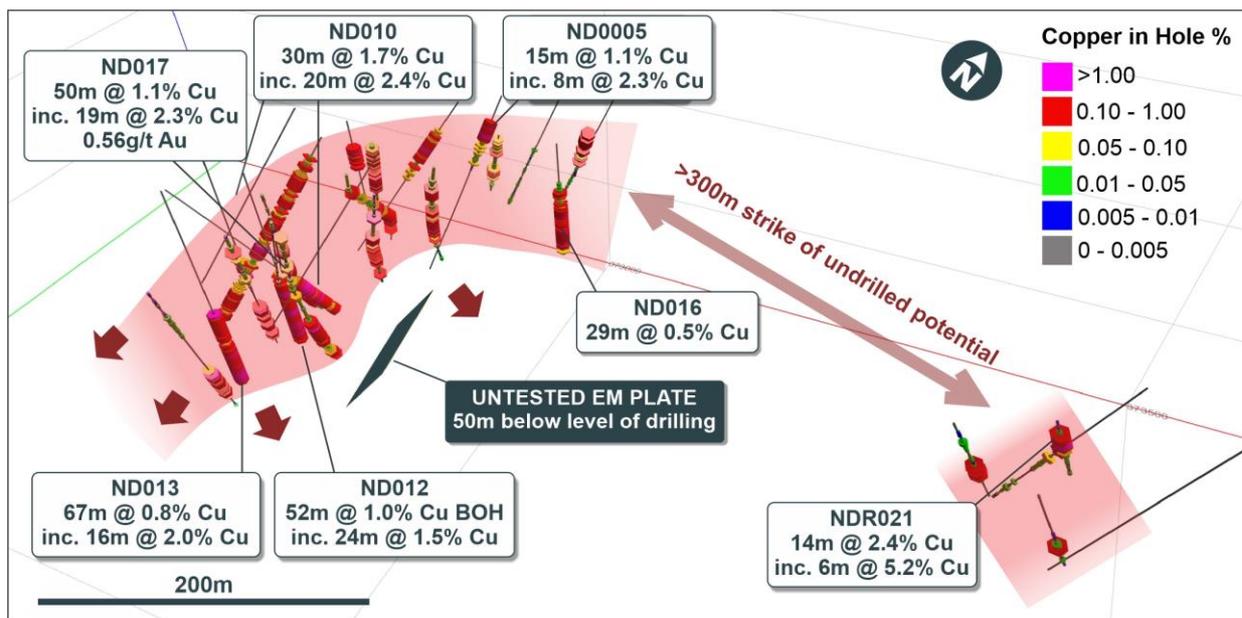


Figure 2. Nil Desperandum 3D image looking northwest.

MOUNT BIRNIE

Mount Birnie is located 4 km north of the Tick Hill gold deposit (Figure 1).

In 2019 Carnaby completed RC and diamond drilling targeting the Mount Birnie workings area where 50 year old historical diamond drill results had reported up to **11.7 m @ 7.1% copper** (see ASX release 11 June 2019). The drilling by Carnaby intersected three zones of very high grade copper-gold mineralisation of **2 m @ 3.2% Cu and 3 m @ 9.3% copper and 1.0 g/t gold** and **2 m @ 9.5% copper** within a broader envelope that assayed **17 m @ 3.1% copper** from 84 m in MBC006.

Shallow RC holes were drilled up dip of the historical drilling immediately below the surface workings intersecting a broad and continuous steeply dipping lode with results up to **15 m @ 2.1% copper** from 24 m including **6 m @ 4.4% copper and 0.5 g/t gold** (See ASX release 1 August 2019).

The mineralisation at Mount Birnie remains open at depth and along strike where a sub parallel lode was intersected in MBC004 of **21 m @ 0.9 % copper** from 13 m including **8m @ 1.8 % copper** from 20m (Figure 3).

The mineralisation also remains open at depth where historical drill hole DDH10 intersected **4.2 m @ 3.9 % copper** from 176.9 m (Figure 4).

Carnaby plans to complete an IP survey at Mount Birnie followed by additional RC / diamond drilling in 2021.

A summary of significant results from Mount Birnie are;

- MBC002** 15 m @ 2.1 % Cu from 24 m inc 6 m @ 4.4 % Cu, 0.5 g/t Au from 33 m
- MBC004** 21 m @ 0.9 % Cu from 13 m inc 8 m @ 1.8 % Cu from 20 m
- MBC006** 2m @ 3.2 % Cu from 53 m and 17 m @ 3.1 % Cu from 84 m inc 3 m @ 9.3 % Cu, 1.0 g/t gold from 88 m and 2 m @ 9.5 % Cu from 99 m
- DDH03** 11.7m @ 7.1 % Cu from 84.1 m
- DDH06** 13m @ 3.3 % Cu from 172.8 m inc 4.1m @ 8.5% Cu from 181.6 m
- DDH10** 4.2 m @ 3.9 % Cu from 176.9 m

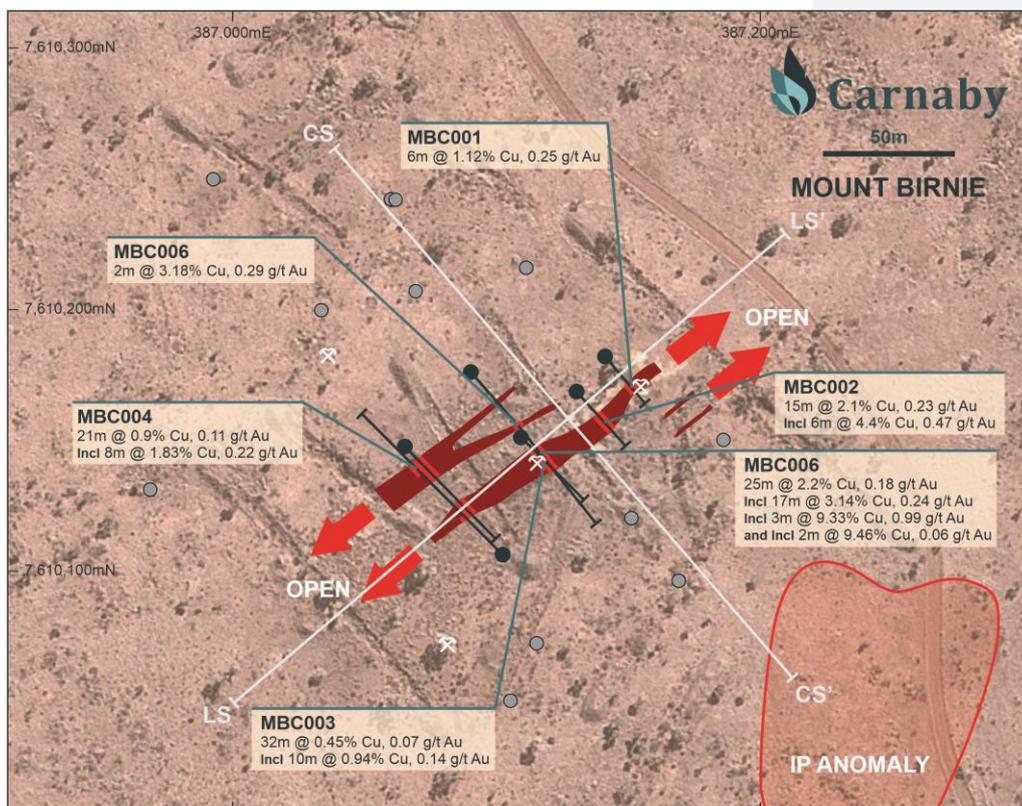


Figure 3. Mount Birnie Plan

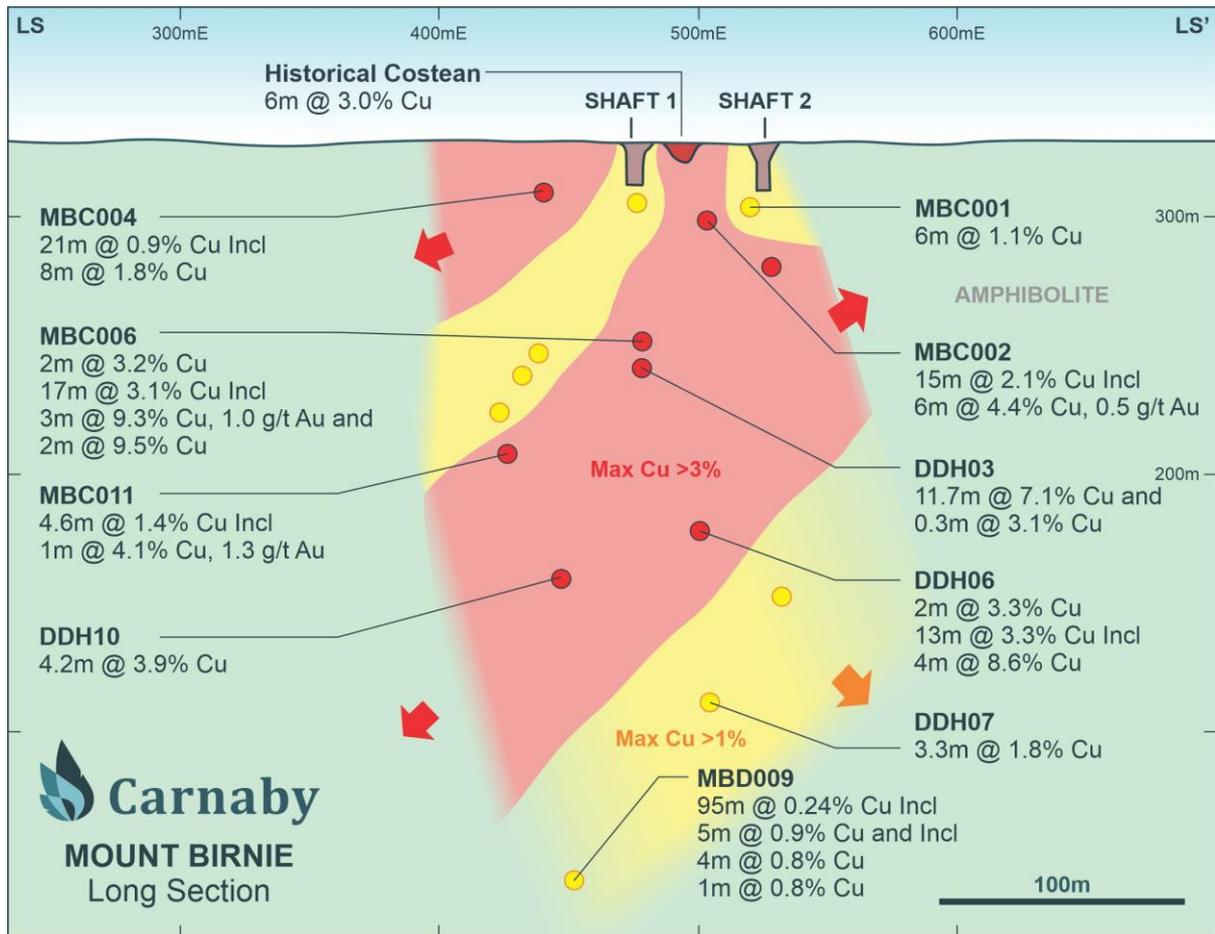


Figure 4. Mount Birnie Longsection

DUCHESS / IVANHOE

The historical Duchess mine was discovered in 1900 and was worked for 40 years producing **205kt @ 12% copper**. The only known drilling of the lode was in 2006 by Barrick who completed shallow RC drilling along strike of the workings intersecting 3m @ 1.7% copper. A large HeliTEM survey identified a deep conductive anomaly below the level of workings and drilling which is yet to be followed up.

Immediately to the west, the Ivanhoe lode has a strike length of 1 km and has been drilled on approximately 50 m spaced sections with significant results including **7 m @ 3.0 % copper** in DUNC003 and **7.8 m @ 4.2 % copper** in IV0001 (Figure 5).

At MacGregor and Pericles limited drilling has intersected up to **11 m @ 2.7 % copper** in DURC0057 with off hole conductors yet to be followed up.

A summary of significant historical results from Duchess / Ivanhoe include;

IV0001	7.8 m @ 4.1 % Cu from 260.4 m
DURC0003	7 m @ 3.0 % Cu from 11 m
DURC0048	14 m @ 2.8 % Cu from 27 m
DURC0051	12m @ 2.0 % Cu from 26 m
DUNQ0049	7 m @ 1.9 % Cu from 104 m
DURC0057	11 m @ 2.7 % Cu from 86 m

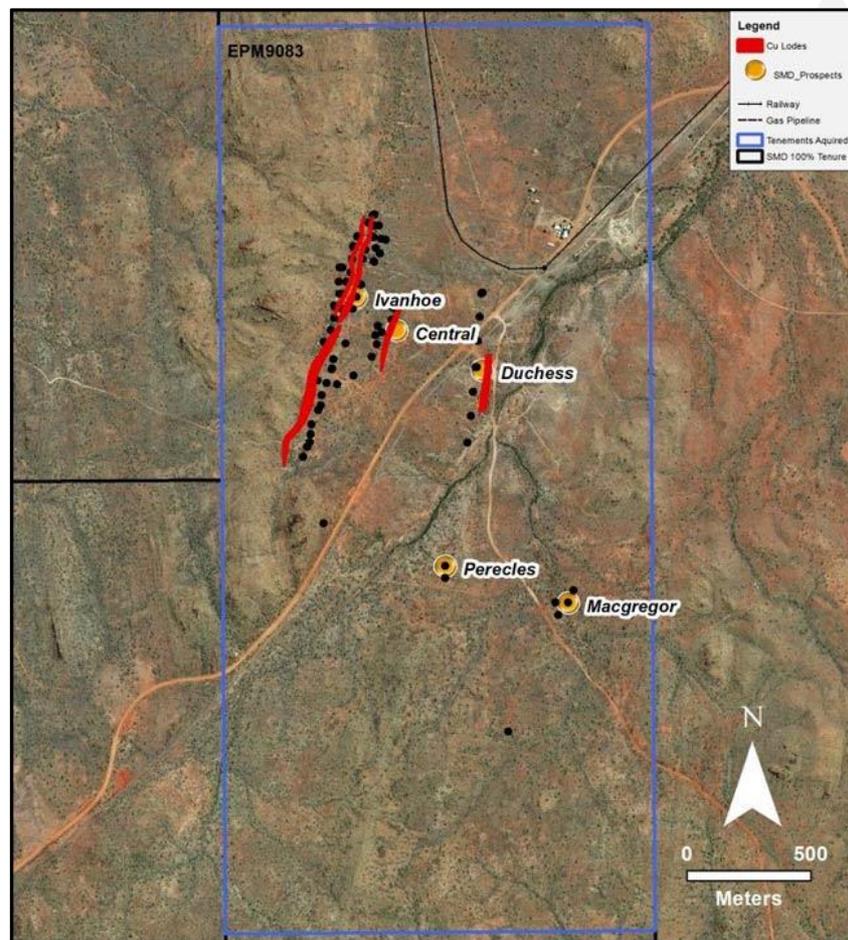


Figure 5. Duchess / Ivanhoe plan showing location of existing drilling and lodes

The Duchess and Ivanhoe lodes have existing historical estimates yet to be reported under JORC 2012 guidelines. Carnaby intends to update the existing estimates into reportable JORC Mineral Resources.

Mineral Resource estimates for the Duchess and Ivanhoe lodes were undertaken by Barrick (Osborne) in 2008 and Golder and Associates in 2012. While these estimates complied with

the 2004 JORC code, additional compilation work is required by Carnaby in order to report as Mineral Resources under the 2012 JORC code. Carnaby aims to complete this work in 2021 as part of a broader maiden JORC resource for the Greater Duchess Copper Gold project.

Based on the historical estimation work completed, an exploration target for the Duchess and Ivanhoe lodes is summarised as;

Duchess / Ivanhoe Target Size 2.5 – 3.8 Mt @ 1.2 – 1.8 % copper

The Ivanhoe lode Target Size is based on 50 drill holes, 43 RC and 7 diamond over a 1,000m strike and down to a depth of approximately 100m below surface. Width of mineralisation is variable with multiple parallel lenses evident over widths of 10m.

The Duchess lode has been mined to approximately 260m below surface over a strike length of approximately 150m, with high grade (~12% copper) extracted from a 1-3m wide vein. The exploration target is based upon extending the mineralisation 200m further down plunge of the underground workings.

The information relating to the above Exploration Target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Mineral Resources or Ore Reserves in compliance with the JORC code. It is uncertain if further exploration work will result in the determination of a Mineral Resource or Ore Reserve.

GREATER DUCHESS REGIONAL TARGETS

Numerous other earlier stage IOCG targets exist within Carnaby's Greater Duchess Copper Gold project area (Figure 1). These can be summarised as;

Big Beauty - > 3 km long copper-gold soil anomaly located in a favourable structural position. Very limited drilling has intersected up to **5 m @ 0.5% copper and 0.7 g/t gold**. At the Little Beauty prospect just outside the northern tenement boundary historical drill results up to **18 m @ 2.4 % copper and 0.4 g/t gold** from 48 m have been recorded from historical drilling.

Freckle – located 5 km southeast of Duchess. Shallow drilling over 1 km strike, results up to **6 m @ 1.5% Cu, 0.9 g/t Au and 6m @ 3.2% Cu, 1.33 g/t Au in FR-1**, off hole conductors have been reported but not followed up.

Revenue – large copper-gold soil anomaly over 3 km strike associated with major northeast structure. Historical drill results up to **52.5m @ 0.5% Cu, inc 6.9m @ 1.3% Cu, 1.0 g/t Au from 48.8m in RE003**.

Grassano – Epigenetic style mineralisation located on the Pilgrim Fault, historical rock chip results of **114 g/t, 75 g/t and 15 g/t gold** confirmed by Carnaby with rock chip results of **8.6 g/t gold, 20.6 g/t Ag and 2.8 % Cu**.

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 and Exploration Targets 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).

Previously released ASX Material References that relates to announcement include:

Mount Birnie Copper Project Drill Results up to 9.46% Copper, 1 August 2019

Spectacular Historical Drill Results – 11m @ 7.1% Cu, 11 June 2019

Tick Hill Key Target Area Update, 16 May 2019

Acquisition of Tick Hill Gold Project, Past Production 511koz @ 22.5g/t Gold, New Board Appointments, 12 March 2019

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.