

TICK HILL GOLD PROJECT

Compelling Scoping Study Results

Carnaby Resources Limited (ASX: CNB) ('Carnaby' or 'Company') is pleased to announce the results from a Scoping Study into the potential commercialisation of the 100% owned Tick Hill Gold Project.

Cautionary Statement

The Scoping Study (Study) referred to in this announcement has been undertaken to determine the potential viability of an open pit cutback mining operation and re-processing of tailings, processing the ore by toll treatment. It is a preliminary technical and economic study of the potential viability of the Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves. Further exploration and evaluation work and appropriate studies are required before Carnaby will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case.

The Study is based on the material assumptions outlined below. While Carnaby considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Study will be achieved.

The Study includes existing JORC 2012 Code Indicated and Inferred resources defined within the Project. Approximately 16% of the Production

Target referred to in the Study is based on Inferred Resources. Investors are cautioned that there is a low level of geological confidence in Inferred Resources and there is no certainty that this will result in the determination of Measured or Indicated Resources or that the Production Target will be realised.

Carnaby 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.

Key components of the Study and the material assumptions used are contained within this announcement. Information includes preliminary mine design studies, metallurgical recoveries from existing test work and indicative costs based on initial discussions with 3rd party toll treatment parties and by external consultants. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Fast Facts

Shares on Issue 96M

Market Cap (@ 4.0 cents) \$3.8M

Cash \$2.4M¹

¹As of 31 December 2019 and inclusive of Restricted Cash

Board and Management

Peter Bowler, Non-Exec Chairman

Rob Watkins, Managing Director

Justin Tremain, Non-Exec Director

Paul Payne, Non-Exec Director

Ben Larkin, Company Secretary

Company Highlights

- Proven and highly credentialed management team
- 100% ownership of the Tick Hill Gold Project (granted ML's) in Qld, historically one of Australia highest grade and most profitable gold mines
- Past production of 511 koz at 22 g/t gold
- 323 km² surrounding exploration package containing numerous gold and copper targets
- Tight capital structure and strong cash position

Registered Office

78 Churchill Avenue Subiaco Western Australia 6008

T: +61 8 9320 2320

www.carnabyresources.com.au

Key Highlights of the Scoping Study

- The Scoping Study contemplates a mining and toll treatment operation over a 12 month period processing a Mineral Resource Inventory of **348,000 t @ 2.47 g/t** to recover approximately **25,000 ounces of gold at an All-In Sustaining Cost ('AISC') of A\$1,247** per ounce.
- With the current gold price in excess of **A\$2,500 per ounce**, the results of the Scoping Study demonstrate compelling economics warranting the immediate advance to Pre-Feasibility Studies.
- Re-processing of the high grade East Paddock tailings stockpile of **285,000 t @ 1.42 g/t for 13,000 ounces** to provide a low risk project start up resulting in negligible pre-production capital requirement and immediate cash flow.
- An optimised Open Pit cutback of the Tick Hill open pit contains a Mineral Resource Inventory of **63,000 t @ 7.24 g/t gold for 14,600 ounces**.
- Ongoing discussions are in progress with 3rd parties for toll treatment options and contract miners regarding a potential joint venture arrangement.
- Newly identified high grade gold mineralisation in the lower north wall of the open pit with results up to **5.5 m @ 30.1 g/t gold BOH and 5.5 m @ 20.3 g/t BOH** have enhanced the economics of the study (Figures 2 & 3).
- Carnaby's primary focus remains to explore for the fault offset of the Tick Hill orebody. The scoping study results released today clearly show a pathway to sole fund this exploration for many years to come through the development of the Tick Hill Gold Project.

The Company's Managing Director, Rob Watkins commented:

"The Scoping Study results announced today are highly significant and we look forward to progressing the project rapidly and advancing discussions with regional operators in the district. Successful commencement of the Tick Hill Gold Project at a time of record gold prices, will allow self-funding of ongoing exploration at Tick Hill for many years to come."

MINING

A mining Mineral Resource Inventory for the Scoping Study is based on an optimised open pit cutback of the historical 70 m deep Tick Hill open pit and re-processing of the high grade East Paddock Tick Hill tailings Dam. The Mineral Inventory is summarised in the following table and detailed below.

Tick Hill	Diluted and Recovered Indicated			Diluted and Recovered Inferred			Diluted and Recovered Total			cut-off g/t
	tonnes	g/t	ounces	tonnes	g/t	ounces	tonnes	g/t	ounces	
Tick Hill Open Pit	44,000	7.29	10,200	19,000	7.11	4,400	63,000	7.24	14,600	1.05
Tick Hill East Paddock Tailings	285,000	1.42	13,000				285,000	1.42	13,000	
Tick Hill Total Mineral Inventory	329,000	2.19	23,200	19,000	7.11	4,400	348,000	2.47	27,600	

Table 1: Mineral Inventory used in the Tick Hill Scoping Study.

The Scoping Study Mineral Resource Inventory is after dilution and mining recovery factors of 10% dilution and 95% mining recovery of Open Pit Indicated Resources and 20% dilution and 50% mining recovery of Inferred Resources. Inferred Resources make up 16% of the inventory.

Tick Hill Tailings Stockpile

The Tick Hill tailings dam comprises 2 adjoined tailings paddocks that have remained on site since processing of Tick Hill ore was curtailed in 1994. The East Paddock has been selected to be incorporated into the Scoping Study due to its higher grade containing 285,000 t @ 1.42 g/t gold for 13,000 ounces.

The Tick Hill Tailings dams have been the subject of previous Scoping studies by previous owners at significantly lower gold prices. The Tailings Stockpiles have been drilled on approximately 40 m spacing and are classified as Indicated Resources.

The tailings stockpile is considered a low risk mining operation.

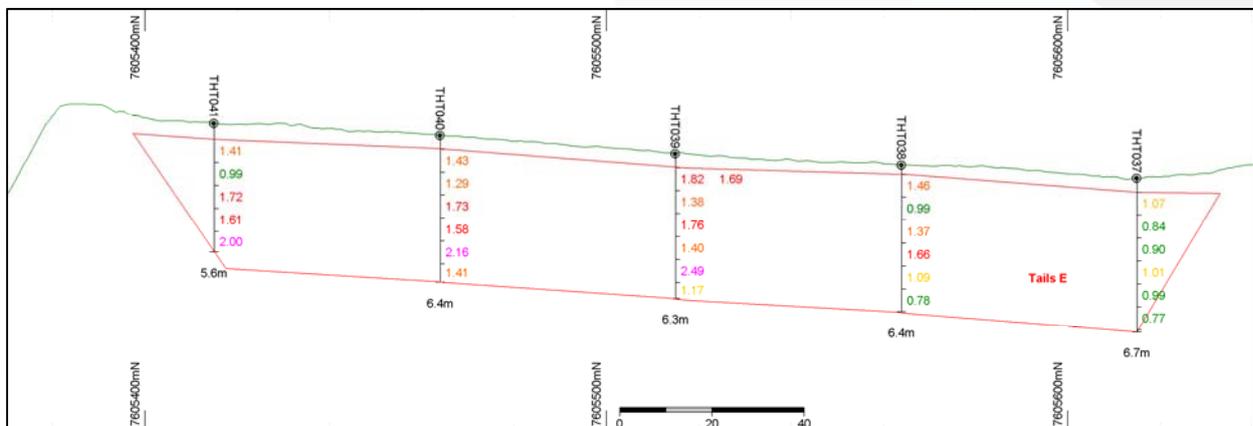


Figure 1: Tick Hill East Paddock Tailings Dam Cross Section showing gold results

Tick Hill Open Pit Cutback

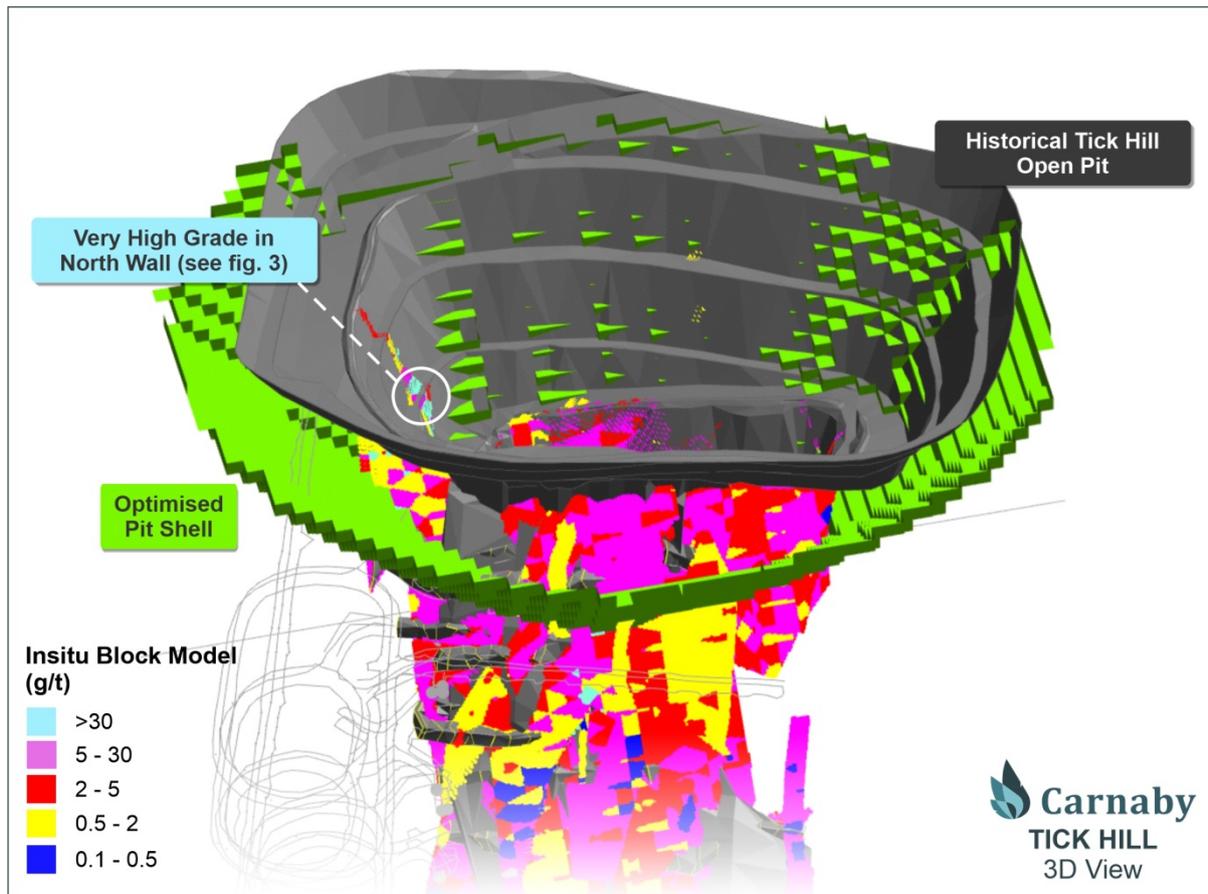


Figure 2: Tick Hill 3D view of optimised open pit facing east.

As part of the Scoping Study an open pit whittle optimisation was completed by external consultants Minesure Pty Ltd. The optimisation was based on a gold price assumption of \$A2,300 per ounce.

The open pit optimisation was designed to test the potential viability of an open pit cut back of the historical Tick Hill open pit and assess against a possible re-establishment of existing underground development to extract the Mineral Resources.

The results indicate an open pit cut back of Tick Hill is potentially viable and an open pit whittle shell was selected for the Scoping Study containing an open pit Mineral Resource Inventory totalling 63,000 t @ 7.24 g/t for 14,600 ounces (see Table 1).

The cutback results in a deepening of the pit by approximately 40 metres. The Mineral Resource Inventory in the optimised pit shell includes the previously unmined southern extent of the Main Lode immediately beneath the historical open pit and the Hangingwall Lode. Significant high grade gold mineralisation is also captured in the cut back from the direct northern strike extent of the Main Lode into the lower north wall of the open pit (Figure 1).

A parameters table for the pit optimisation is presented below and based on indicative costs.

Cut Off Grade Calculation		
Gold Price	\$/oz	2,300
State / MIM Royalty (Au)	%	5.8%
Metallurgical Recovery Au	%	97%
Treatment Cost Au	\$/t ore	45.0
Admin Cost	\$/t ore	1.00
Tech Services	\$/t ore	0.95
Dewatering	\$/t ore	0.50
Grade Control	\$/t ore	0.50
Contractor fixed	\$/t ore	1.42
Ore Haulage	\$/t ore	15
Total Processing Cost	\$/t ore	65
COG	g/t	0.96
Mining Dilution	%	10%
Mining recovery	%	95%
In Situ COG	g/t	1.05
NPV discount rate	%	5%
Annual Throughput	Mtpa	0.5
East Wall Angle	degrees	45
West Wall Angle	degrees	50

Table 2: Open pit optimisation parameters

PROCESSING

The scoping study contemplates toll treatment of the Mineral Resource Inventory at 3rd party offsite processing facilities within the Mt Isa / Cloncurry district. Indicative pricing for toll treatment costs and haulage have been obtained and have been used in the Scoping Study.

Scheduled processing of the 347,000 t @ 2.47 g/t is planned to occur over a 12 month period to recover approximately 25,000 ounces of gold. Overall recoveries are anticipated to be 91%.

Metallurgical recoveries from the Mineral Resource Inventory are estimated to be 97% for hard rock ore from the open pit cutback at a grind size of approximately 110 micron, based on historical grind size and recoveries from the Tick Hill mine.

Metallurgical recoveries from the tailings dam are estimated to be 85% at approximately a 35 micron grind size based on detailed metallurgical studies previously completed. The Tailings Dam Mineral Resource Inventory is already crushed to approximately 110 micron. Additional metallurgical test work is being conducted by Carnaby.

PRODUCTION TARGET AND COST ESTIMATE

Production Target

Table 3 below provides a summary Life of Mine ('LOM') and gold production schedule that comprises the Tick Hill Open Pit and East Paddock Tailings Dam Project at the time of this Scoping Study.

Production Targets		LOM
Site Establishment	months	3
Mine life	months	12
Ore mined	t	348,000
Grade	g/t	2.47
Contained gold	oz	27,600
Ore milled	t	348,000
Grade	g/t	2.47
Contained gold	oz	27,600
Recovery	%	91%
Gold produced	oz	25,211

Table 3: Production Target

Capital Costs Estimate

The estimated capital cost for the establishment of the site to allow recommencement of mining activities has been estimated at a scoping study level (i.e. +/- 35%) is \$295,000. Table 4 provides a summary of the capital costs estimate.

Capital Costs Estimate	LOM \$'000's	LOM \$/oz
Site establishment	150	6
Facilities	62	2
Site works	45	2
Sub-total	257	10
Contingency 15%	39	2
Total capital cost estimate	295	12

Table 4: Capital Costs estimate in Australian Dollars

A 15% contingency has been applied to the capital costs estimate. The contingency is not intended to cover additional capital cost items, rather it is intended to cover uncertainty in relation to assumptions made and cost inputs for which pricing is not firm.

All-In Sustaining Costs

Table 5 provides a summary of the operating costs estimate showing the LOM all-in sustaining costs ('AISC') on a LOM and per ounce basis. The estimated costs have been derived from independent consultants, mining contractors and potential toll treatment plant operators. Uncertainty in relation to the cost inputs exists as pricing used is indicative only and is not considered firm.

All-In Sustaining Cost Estimate	LOM \$'000's	LOM \$/oz
G&A	377	15
Mining & ore haulage costs	14,002	555
Toll treatment cost	13,886	551
Gold transport and refining	38	1
Royalties	3,135	124
Total AISC estimate	31,438	1,247

Table 5: Operating Costs Estimate in Australian Dollars

Key Cost Assumptions

The following key assumptions have been made in relation to the capital cost and AISC estimates:

- Toll treatment of the gold ore at a nearby processing facility;
- Use of existing site infrastructure, including haul roads and ROM pad;
- Use of a mining contractor assumed; and
- Accommodation of workforce at nearby offsite mine camp.

PERMITTING

The Tick Hill Gold Project is located on granted mining leases ML7094, ML7096 and ML7097. An Environmental Authority over the mining leases is in place along with environmental bonds. The mining leases are currently classified as on Care and Maintenance and Exploration.

Permitting to convert the mining leases back to mining activities associated with the Scoping Study are anticipated to take 6 months to complete, however there are no guarantees that this time frame can be achieved.

MINERAL RESOURCE ESTIMATE

A non material revision to the Tick Hill Mineral Resource has resulted in the addition of remaining Crown Pillar Inferred Resource and re-classification of Resources in the North Pit Wall. Refer to ASX release on 29 January 2020 for a description and summary of parameters used in the Mineral Resource Estimate.

The availability of a survey pickup of the pit floor post extraction of the crown pillar resulted in the revision of the Tick Hill resource to include the crown pillar remnants. A portion of the resource extracted by the pit in the vicinity of the crown pillar was removed and new crown pillar remnants were added in. This resulted in the removal of 5,400 t @ 6.20 g/t for 1,100oz of Indicated Resource and addition of 4,200 t @ 18.4 for 2,500 oz of Crown Pillar Inferred resource representing a net addition of 1,400 oz to the total resource.

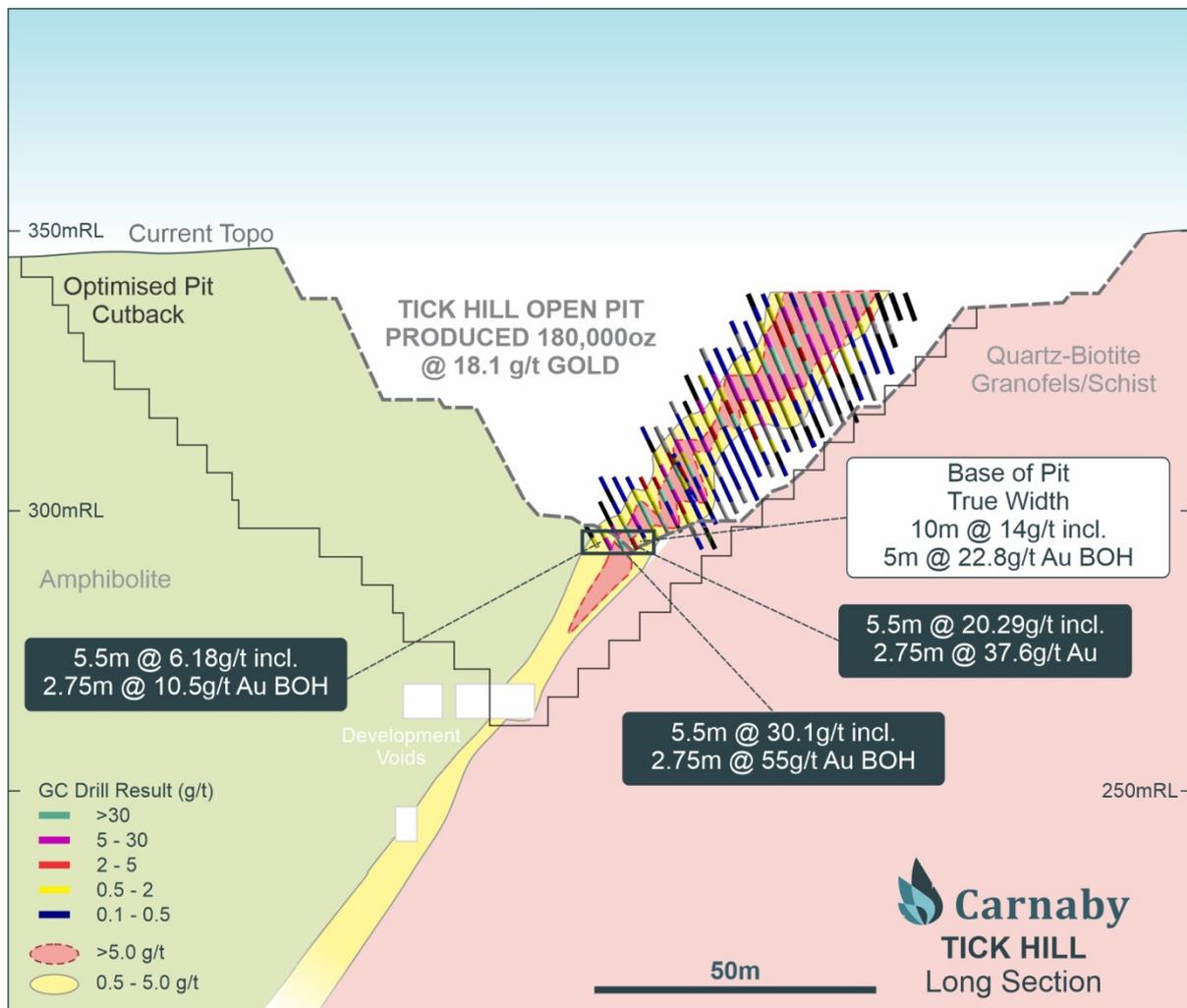


Figure 3: Tick Hill Cross Section Showing Location of historic GC results at the base of the north wall of the open pit.

A review of the historic grade control drilling has resulted in the reclassification of a strip of inferred material in the north wall of the existing Tick Hill Pit. Originally classed as Indicated by the estimation, this was down-graded to Inferred over doubts about the continuity of mineralisation further north. Part of this resource has since been manually reverted to an Indicated classification in light of high grade historic grade control drill results against and within the north wall of the pit. The reclassification has resulted in a conversion from Inferred to Indicated of 6,600 t @ 19.1 g/t for 4,000 oz.

The compilation of historical open pit grade control results shows high grade gold mineralisation from the Main Lode over significant widths entering the lower north wall of the open pit (Figures 2 & 3). Significant grade control results from the base and immediately below the north wall include;

595.22	5.5 m @ 6.18 g/t gold including 2.75 m @ 10.5 g/t gold BOH
596.22	5.5 m @ 30.1 g/t gold including 2.75 m @ 55 g/t gold BOH
597.22	5.5 m @ 20.29 g/t gold including 2.75 m @ 37.6 g/t gold
604.22	2.75 m @ 2.18 g/t gold BOH
605.22	5.5 m @ 4.36 g/t gold including 2.75 m @ 8 g/t gold BOH
606.22	5.5 m @ 9.09 g/t gold BOH
607.22	5.5 m @ 2.95 g/t gold BOH
637.2	2.75 m @ 5.6 g/t gold BOH
539.24	5.5 m @ 8.25 g/t gold including 2.75 m @ 12.2 g/t gold BOH
540.24	2.75 m @ 7.1 g/t gold BOH
5.26	2.75 m @ 37.8 g/t gold BOH

Total Indicated and Inferred Mineral Resources at Tick Hill from the Main and Hangingwall Lodes and including the existing Tailings Dam Resource (refer ASX announcement 12 March 2019) are presented in the following table with supporting detailed information provided in the attached JORC table 1.

Tick Hill	Indicated			Inferred			Total			cut-off g/t
	tonnes	g/t	ounces	tonnes	g/t	ounces	tonnes	g/t	ounces	
Tick Hill Main Lode	61,000	6.90	13,400	92,000	7.31	21,700	153,000	7.15	35,100	0.5
Tick Hill Hangingwall Lode	32,000	4.40	4,500	21,000	7.07	4,900	53,000	5.46	9,400	0.5
Tick Hill Deposit Total	93,000	6.04	18,000	114,000	7.27	26,600	207,000	6.71	44,600	0.5
Tailings Dam West Paddock	345,000	0.8	8,800				345,000	0.8	8,800	0.5
Tailings Dam East Paddock	285,000	1.42	13,000				285,000	1.42	13,000	0.5
Tailings Dam Total	630,000	1.08	21,800				630,000	1.08	21,800	0.5
Tick Hill Total	723,000	1.72	39,800	114,000	7.27	26,600	837,000	2.47	66,400	0.5

Table 6: Tick Hill Mineral Resource Table

TIMELINE TO PRODUCTION

A Pre-feasibility study is immediately commencing as a result of the positive Scoping Study results and additional metallurgy, geotechnical review and pit design work will be completed.

In conjunction, ongoing discussions with 3rd party operators will continue.

It is anticipated that the Pre-feasibility studies will be completed in May 2020.

Assuming a positive outcome of the Pre-feasibility study, a 6 month permitting period will ensue, targeting first gold production towards the end of 2020.

NEXT STEPS

The Tick Hill Scoping Study has successfully outlined a potentially robust project of an open pit cutback of the Tick Hill open pit and re-processing of high grade tailings.

Toll treatment options in the Mt Isa / Cloncurry district will be advanced, including early stage discussions relating to potential contract mining and joint venture arrangements to negate funding requirement of the pre-production capital.

In order to advance the project to Pre-Feasibility status the following additional work programs are required:

- Engineering and cost optimisation work to confirm that the open pit cut back is a more profitable option than re-establishing underground access to extract the Mineral Resource Inventory;

- Additional metallurgical test work relating to the tailings including grind size, residence time and oxygen injection. Samples have been collected from recent drilling;
- Geotechnical review of historical data and diamond drilling completed by Carnaby;
- Detailed ground water studies; and
- Updating of mining and rehabilitation plan for submission to government authorities.

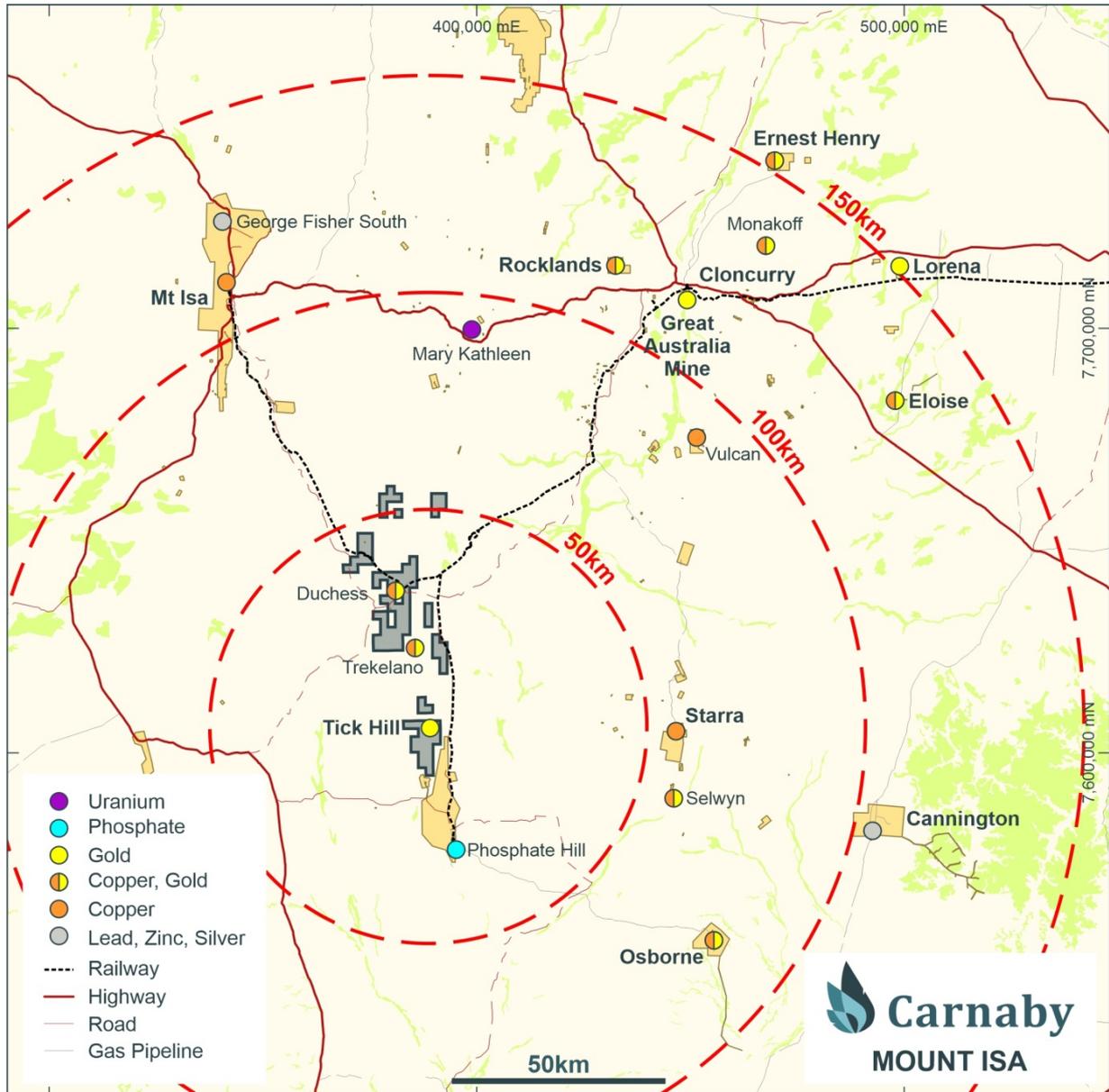


Figure 4: Tick Hill regional location plan.

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

Competent Persons Statement

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

Forward Looking Statements

Some statements in this announcement regarding estimates or future events are forward looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company's actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward looking statements. These risks and uncertainties include but are not limited to liabilities inherent in mine development and production, geological, mining and processing technical problems, the inability to obtain any additional mine licenses, permits and other regulatory approvals required in connection with mining and third party processing operations, competition for among other things, capital, acquisition of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, changes in commodity prices and exchange rate, currency and interest fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward looking statements will prove to be correct.

This announcement has been prepared in compliance with the JORC Code (2012) and the ASX Listing Rules.

The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement.

This announcement has been prepared by Carnaby Resources Limited. 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.

Disclaimer

References have been made in this announcement to certain ASX announcements, including references regarding exploration results and mineral resources. 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.

Detailed information on all aspects of the Company's projects can be found on the Company's website www.carnabyresources.com.au.

Appendix 1 | Historical Open Pit Grade Control RC Drill Results

Hole ID	Location	East (MGA94/54)	North (MGA94/54)	RL	Dip	Azimuth	From	Thickness	Au g/t
595.22	Pit	388836	7605982	291.3	-65	109.58	0 inc 2.75	5.5 2.75	6.18 10.5
596.22	Pit	388838	7605981	291.3	-65	109.58	0 inc 2.75	5.5 2.75	30.1 55
597.22	Pit	388840	7605981	291.3	-65	109.58	0 inc 0	5.5 2.75	20.29 37.6
604.22	Pit	388835	7605986	291.3	-65	109.58	2.75	2.75	2.18
605.22	Pit	388838	7605985	291.3	-65	109.58	0 inc 2.75	5.5 2.75	4.36 8
606.22	Pit	388840	7605984	291.3	-65	109.58	0	5.5	9.09
607.22	Pit	388842	7605983	291.3	-65	109.58	0	5.5	2.95
637.2	Pit	388842	7605986	296.3	-65	109.58	2.75	2.75	5.6
539.24	Pit	388831	7605981	286.3	-65	109.58	0 inc 2.75	5.5 2.75	8.25 12.2
540.24	Pit	388833	7605980	286.3	-65	109.58	2.75	2.75	7.1
5.26	Pit	388829	7605978	281.3	-65	109.58	2.75	2.75	37.8

Section 1 Material Assumptions Used in Tick Hill Scoping Study

(Criteria in this section apply to all succeeding sections)

Item	Criteria	Commentary
1	<i>Mineral Resource estimate used for assessment of potential Production Target</i>	<ul style="list-style-type: none"> No Ore Reserves are estimated as part of the Tick Hill Scoping Study. For the purposes of this Scoping Study, the Mineral Resource Estimate (MRE) as published in this ASX announcement has been used. This estimate was prepared by a Competent Person in accordance with the JORC Code, 2012 Edition.
2	<i>Parties participating in the Scoping Study and site visits</i>	<ul style="list-style-type: none"> The following parties have provided input to this Scoping Study: Nigel Spicer (Minesure Pty Ltd) coordinated the mining study work and Ben Larkin (Carnaby Resources Ltd) the compilation of the economic model for the project.
3	<i>Study status</i>	<ul style="list-style-type: none"> The type and level of study is a Scoping Study as defined in Section 38 of the JORC Code, 2012 Edition. The Scoping Study has not been used to convert Mineral Resources to Ore Reserves. Modifying Factors based on information currently available have been applied to the Scoping Study.
4	<i>Cut-off parameters used in potential mine analysis</i>	<ul style="list-style-type: none"> The portion of the MRE above 1.05 g/t gold was evaluated in the Scoping Study. Cut-off grades (COGs), expressed as grams per tonne of gold (g/t Au) were determined by dividing the estimated operating cost per tonne of ore treated by the revenue per gram of gold produced. The following inputs were used to estimate revenue per gram of gold produced: <ul style="list-style-type: none"> Gold price: A\$2,300 per troy ounce Metallurgical recovery: 85-97% by CIL treatment Qld state royalty: 5% of revenue The following inputs were used to estimate operating cost per tonne of ore treated, for potential open pit and underground mines: <ul style="list-style-type: none"> Mining cost Processing cost Other royalty charges General & administration costs
5	<i>Mining factors or assumptions used in the Scoping Study</i>	<ul style="list-style-type: none"> No conversion of the Mineral Resource to Ore Reserves. Mining Resource Inventory estimation: Pit shells were optimised in Whittle using Indicated and Inferred classified blocks (There are no Measured classified blocks in the resource). Operating model: Mining contractor. Geotechnical considerations: The following pit wall angles were considered for the optimisation; <ul style="list-style-type: none"> East Wall: 45 degrees West Wall: 50 degrees

Item	Criteria	Commentary
		<p>The following Mining Recovery and Dilution Parameters were used in the Mining Resource Inventory Estimation;</p> <p>Indicated Resources; 95% Mining Recovery, 10% Dilution Inferred Resources; 50% Mining Recovery, 20% Dilution.</p> <p>A lower mining recovery and higher dilution was applied to Inferred resources owing to potential mining issues against the old stope voids.</p> <ul style="list-style-type: none"> • Development excavations will be mined by conventional open pit drill and blast methods, excavator, front end loaders and 50t trucks. • Further geotechnical investigation and assessment will be completed as the study work progresses. • Geological drilling: Grade control drilling will be required as the pit advances to better define the mineralisation prior to mining. Some holes will be used as resource infill and to probe the areas with old voids. This drilling will generally be RC located on the cut back benches. • All Mineral Resource categories have been included in the mining study work. • Both Indicated and Inferred Mineral Resources were used in the possible production schedule used in the Scoping Study. Inferred resources account for 30% of the total pit resource ounces used in the production schedule. • Infrastructure: The Scoping Study considers the provision of all necessary infrastructure to facilitate the mining activities proposed including mining, power, office and workshop infrastructure.
6	<i>Metallurgical factors or assumptions used in the Scoping Study</i>	<ul style="list-style-type: none"> • Ore will be Toll treated. The metallurgical process proposed is a conventional carbon-in-leach (CIL) process plant, inclusive of single stage crushing ball mill comminution circuit and gravity concentrator as typically used in the Australian gold mining industry. • The metallurgical process proposed is a well-tested and proven technology, dating back to the 1980s and used extensively in the Australian gold mining industry and internationally. • A 97% metallurgical recovery has been applied for mined open pit ore based on historical recovery data at Tick Hill. • A 85% metallurgical recovery has been applied for the treatment of gold tailings. This has been determined from test work undertaken. • No deleterious elements are present.
7	<i>Environmental</i>	<ul style="list-style-type: none"> • The Tick Hill project area has been previously mined and rehabilitated and as such there is not expected to be any environmental impacts of significance as a result of the proposed mining. Ore extracted from site will be toll treated off site. Previously disturbed areas will be preferentially used for establishing infrastructure where possible. • All proposed mining areas lie within granted Mining Leases which offer ample area for infrastructure establishment. • Carnaby Resources Ltd has established ground water piezometers and is involved in ongoing ground water and environmental monitoring work. • Statutory approval and permitting applications will include DMIRS Mining Proposal and DWER Works Approval and there will be a requirement to update DWER Groundwater Operating

Item	Criteria	Commentary
		Strategy documents and related licences. <ul style="list-style-type: none"> • Waste rock is typically non-acid forming. • Tailings will be stored off site.
8	<i>Infrastructure</i>	<ul style="list-style-type: none"> • The Tick Hill Project is located ~120km SSE of Mt Isa, Qld. • Air services operate out of Phosphate Hill with a sealed airstrip ~30km south of the project area by road. The nearest town is Duchess ~40km to the north by road. • Current infrastructure at site is minimal and consists of access roads, tracks, water tank and bore field pipeline. New infrastructure required for the proposed operation includes: <ul style="list-style-type: none"> • Mining • Power • Office and workshop • Accommodation and flights will use established facilities at Phosphate Hill. • All proposed mining areas lie within granted Mining Leases which offer ample area for infrastructure establishment which is easily accessed by existing roads and tracks.
9	<i>Capital and operating costs</i>	<ul style="list-style-type: none"> • Capital cost estimates have been derived by Carnaby Resources for mine related capital costs. • Cost estimates are based on conceptual designs for mines, site non-process infrastructure and a combination of budget quotations, factored estimates and cost data from similar operations/projects. The derivation of cost estimates is considered reasonable for Scoping Study purposes. • Operating cost estimates have been derived by Carnaby Resources for mining costs and for general and administration costs based on indicative pricing provided by consultants and nearby operators. • Toll treatment and haulage costs have been estimated by Carnaby Resources Ltd via application of quoted cost estimates from operating process plants and mining operators. • The total operating cost estimate has been consolidated by Carnaby Resources Ltd. • There are no costs relating to deleterious elements. • All costs have been denominated in A\$ and will not be impacted by movements in exchange rates. • Haulage costs: No specific allowance has been made for transportation of gold bullion. • Refining costs: Gold refining charges have been estimated by independent consultant Minesure. • The following royalties are applicable to the project and have been allowed for in the Scoping Study: <ul style="list-style-type: none"> • A 5% royalty on revenue applicable to gold mining operations is payable to the Queensland government. • An estimated 0.8% Net Smelter Return royalty is to MIM Holdings.
	<i>Revenue factors</i>	<ul style="list-style-type: none"> • A gold price of A\$2,300 per ounce has been used for Scoping Study economic modelling.
	<i>Market assessment of gold price</i>	<ul style="list-style-type: none"> • There is a transparent, quoted market for the sale of gold.
	<i>Economic evaluation</i>	<ul style="list-style-type: none"> • There has been no NPV or IRR calculated for the Scoping Study.
	<i>Social</i>	<ul style="list-style-type: none"> • All proposed mining and infrastructure areas lie within a granted Mining Lease.

Item	Criteria	Commentary
		<ul style="list-style-type: none"> • There are no Native Title claims pending over the Tick Hill project area. • The project area is located within the boundary of the Stanbroke and Chatsworth Pastoral Leases.
	<i>Other</i>	<ul style="list-style-type: none"> • As the Tick Hill project area is a brownfields site with historical mining dating back to 1993, there are reasonable grounds to expect that Government approvals will be received when required upon successful completion of a Pre-Feasibility Study. • Government approvals required to advance the project include converting the Mining Leases from Care & Maintenance back to active mining. Given that such approvals have been granted to previous operators in recent history, there is no reason to suggest that approvals will not be granted once again. • There are currently no unresolved matters relating to a third party that would prohibit project development, should that be the decision resulting from completion of further study work.
	<i>Classification of Ore Reserves</i>	<ul style="list-style-type: none"> • Not applicable as no Ore Reserves are being reported as the project is at Scoping Study level.
	<i>Ore Reserve Audits or reviews</i>	<ul style="list-style-type: none"> • Not applicable as no Ore Reserve estimate reported.
	<i>Discussion of relative accuracy/confidence</i>	<ul style="list-style-type: none"> • No Ore Reserve estimate has been completed as a result of the Scoping Study. • Metallurgical recoveries have been based on historical plant data. • Costs have been estimated by independent consultants generally from budget quotations, factored estimates or cost data from similar operations/projects. • Cost estimate accuracy for the Scoping Study is considered to be in the order of $\pm 35\%$.