

ASX:CWX

Directors:

Mr Will Burbury
Non-Executive Chairman

Mr David Boyd
Managing Director

Mr Bruce McQuitty
Mr David Archer
Non-Executive Directors

Capital Structure

Ordinary Shares: 55M
Unlisted Options: 18.7M
Unlisted Rights: 1.7M

Market Capitalisation: A\$16.2M
Cash Reserves: A\$6.4M
(at 31 December 2017)

Registered Office

Level 2, 41-47 Colin Street
West Perth WA 6005
Australia

Enquiries

Mr David Boyd
Managing Director
t: +61 8 6555 8777
e: info@carawine.com.au

Ms Yvonne Ball
Citadel-MAGNUS
t: +61 448 232 398
e: yball@citadelmagnus.com



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

HIGHLIGHTS

- ▶ Carawine successfully listed on the Australian Securities Exchange (ASX) on 14 December, following completion of the Company's demerger from parent Sheffield Resources Ltd (ASX:SFX) and subsequent Initial Public Offering (IPO).
- ▶ IPO closed significantly oversubscribed, raising \$7 million from the issue of 35,000,000 ordinary shares, ensuring a strong financial position with adequate funding to explore the Company's high quality, high grade gold, copper, cobalt and base metals projects.
- ▶ Exploration programs will focus on commencing diamond drilling at the Jamieson gold and base metal project in Victoria, and advancing copper and cobalt targets at the Oakover Project in Western Australia's Eastern Pilbara region.

Jamieson Project

- ▶ Plans for diamond drilling at the high grade Hill 800 VHMS gold prospect have advanced, with drilling targeted to commence in April – results are expected to follow as soon as possible thereafter.
- ▶ Review of historic geophysical datasets commenced during the Quarter, including Induced Polarisation (IP) data from the Hill 800 prospect, targeting depth extensions to outcropping mineralisation. Results expected early February.

Oakover Project

- ▶ At Western Star, significant chargeability anomalies and coincident gravity high indicate potential depth and strike extensions to high grade copper and cobalt mineralisation identified at surface.
- ▶ Cobalt-manganese mineralisation defined in outcrop along 1km strike at the Xmas prospect, Oakover Project.
- ▶ Two new exploration licence applications designed to cover the regional strike extents of the Xmas cobalt-manganese host unit, 50km of strike now held by Carawine under application and granted tenure.

Corporate

- ▶ Loyalty options issued free to all Carawine shareholders and IPO subscribers prior to and at listing on a 1 for 3 basis, exercisable at 30c with a 3 year expiry, will vest on 14 June, 2018.
- ▶ Cash position of A\$6.4 million as at 31 December, 2017

SUMMARY

Carawine Resources Limited (“Carawine”, “the Company”) is focussed on the exploration and development of economic gold, copper, cobalt and base metal deposits within Australia. The Company has four exploration projects, each targeting high-grade deposits in well-established mineralised provinces in Western Australia and Victoria (Figure 1).

During the Quarter, Carawine was spun out of Sheffield Resources Ltd (ASX:SFX, “Sheffield”) by distributing 20 million shares to existing Sheffield shareholders. Subsequent to the demerger, Carawine completed an IPO, raising \$7 million from the issue of 35 million shares, closing the IPO significantly oversubscribed. Carawine listed on the ASX on 14 December, 2017.

At the Oakover Project in the Eastern Pilbara Region of Western Australia, results from an early stage dipole induced polarisation (“DDIP”) geophysical survey at the Western Star copper-cobalt prospect indicated potential depth extensions to high grade surface copper-cobalt mineralisation. The DDIP anomalies define a trend over 600m of strike, coincident with historic workings and anomalous rock chip samples, including high grade copper and cobalt values ranging from 0.03% up to 43.7% Cu, and 7.8ppm up to 884ppm Co (see ASX announcement dated 19 December, 2017 for details).

The Company also announced the identification of outcropping massive to brecciated cobalt-manganese mineralisation over 1km of strike at the Xmas prospect within the Oakover Project. Historic rock chip sampling at the prospect returned results of up to 0.31% cobalt and 55.8% manganese from outcrop, confirming it as the source of a 3km by 0.75km surface lag anomaly also reported by previous explorers. As a result of this work, two new exploration licences were applied for to increase coverage of the potential regional strike extent of the Xmas prospect host unit to over 50km.

At the Jamieson Project, planning for diamond drilling at the high grade Hill 800 VHMS gold prospect has advanced, with drilling expected to commence towards the end of April. As part of this planning, a review of historic geophysical datasets from the Jamieson Project commenced during the Quarter, including data over the Hill 800 and Rhyolite Creek prospects. Results of this work are expected from early February.

At the Fraser Range Joint Venture (“FRJV”), operator Independence Group NL (“Independence”; ASX:IGO) has advised that it plans to complete airborne electromagnetic (“EM”) surveys using the powerful SPECTREM-PLUS AEM system over FRJV tenements during Q1, 2018.

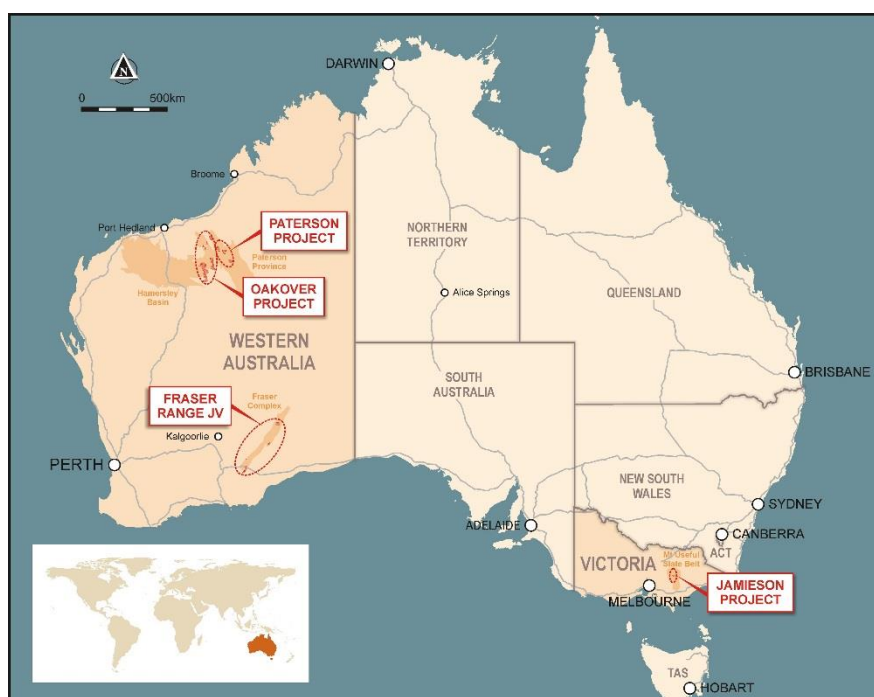


Figure 1: Carawine's Project Locations.

JAMIESON PROJECT (Au-Cu, Zn-Au-Ag)

The Jamieson Project is located near the township of Jamieson in the central eastern Victorian Goldfields and comprises granted exploration licence EL5523, covering an area of 34 km² and containing the Hill 800 gold and Rhyolite Creek zinc-gold-silver prospects. Carawine has an agreement whereby it can earn a 100% interest in the Jamieson Project.

The most advanced prospect at Jamieson and the initial focus of Carawine's exploration program is the Hill 800 gold prospect, where drilling by previous explorers returned exceptional high-grade gold results (Figure 2), including:

- 33m @ 4.31g/t Au, from surface (HEC1)
- 13m @ 10.9g/t Au, from surface (HEC13), including 3m @ 38.8g/t Au from surface
- 23.4m @ 4.56g/t Au, from 0.5m (HED1)
- 25m @ 4.72g/t Au, from 3m (HEC45), including 1m @ 24.0g/t Au from 16m
- 21m @ 4.04g/t Au, from 76m (HEC49), including 1m @ 20.9g/t Au from 80m
- 23m @ 4.13g/t Au, from 86m (HEC48), and;
- 7m @ 22.1g/t Au, from 184m (HED1), including 1m @ 28.9g/t Au from 184m and 1m @ 122g/t Au from 188m

(Down hole widths, may not represent true thickness, see Carawine's Prospectus released to ASX on 12 December, 2017 for further details)

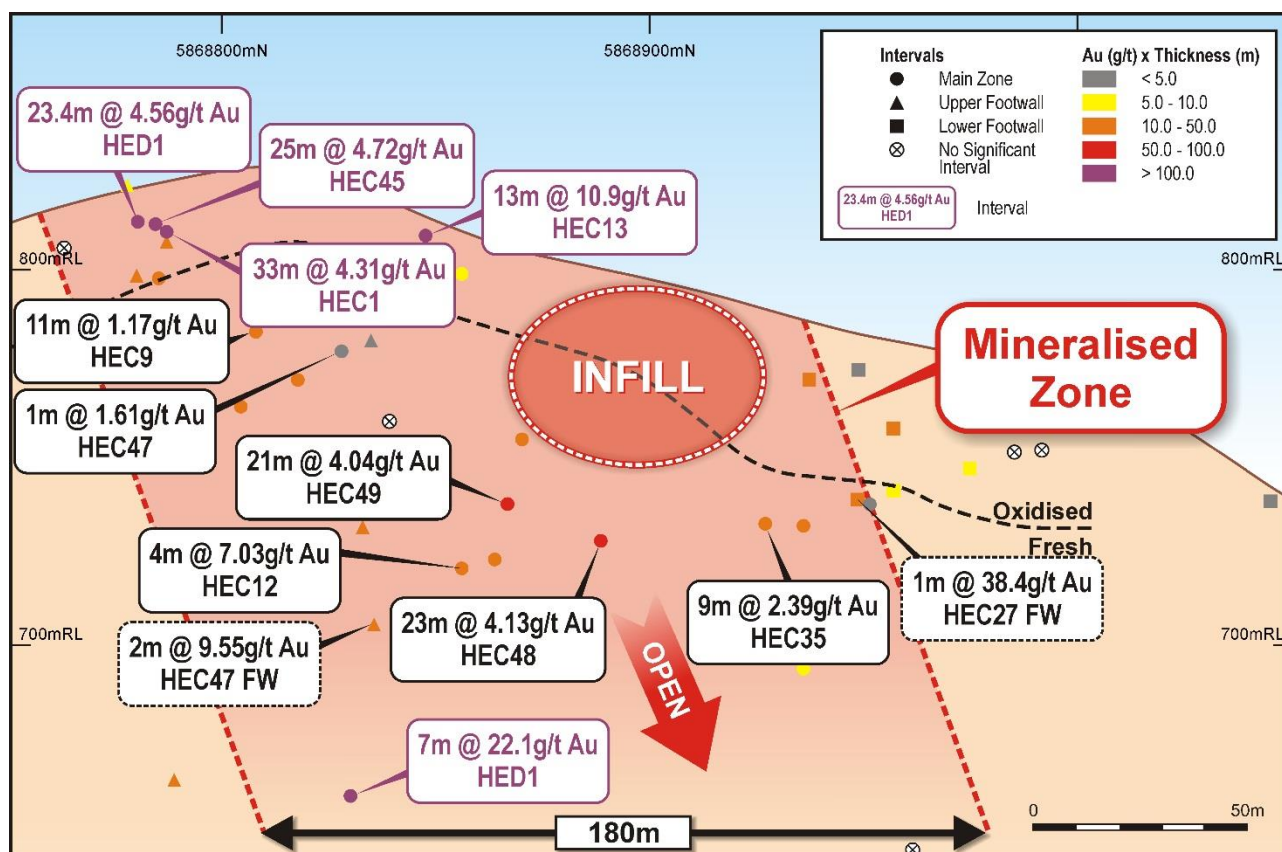


Figure 2: Jamieson Project Hill 800 prospect long section with drill hole intersections projected onto a plane oriented 030 degrees with respect to True North. Note three sub-parallel trends are depicted: Main, Upper Footwall and Lower Footwall, and an interpreted overall trend to the mineralised envelope. In most cases the holes have been drilled oblique to mineralisation, therefore the downhole widths stated may not represent true widths.

Discovered by New Holland Mining NL in 1994, Hill 800 is a volcanic-hosted massive sulphide (VHMS) gold-copper system with similar host rock, age and mineralisation style to the 1.5Moz Henty gold deposit in western Tasmania. Carawine's initial drilling program planned to commence in late April will test the interpreted lode geometry and target down-plunge extensions to mineralisation to establish its potential size and continuity, with follow-up programs aimed to compile sufficient information to allow estimation of a Mineral Resource.

The Jamieson Project also contains the VHMS Rhyolite Creek Prospect, where the discovery hole returned a 1.4m downhole interval grading 15.6% Zn, 1.5% Pb, 0.5% Cu, 7.4g/t Au and 113g/t Ag, from 223m depth, within an 8m wide zone of elevated Zn, Au and Ag (see Carawine's Prospectus released to ASX on 12 December, 2017 for further details).

During the Quarter, planning for diamond drilling at Hill 800 advanced. As part of this planning, a review of historic geophysical datasets from the Jamieson Project also commenced during the Quarter, including data over the Hill 800 and Rhyolite Creek prospects, with results of this work expected from early February.

OAKOVER PROJECT (Cu-Co)

Located in the highly prospective Eastern Pilbara region of Western Australia, the Oakover Project comprises seven granted exploration licences and five exploration licence applications with a total area of about 2,845km², held 100% by the Company (Figure 5). The Oakover Project is centred on the Proterozoic Oakover Basin and is prospective for copper and cobalt, as well as manganese and iron.

Western Star Prospect

During the Quarter, results from a dipole-dipole induced polarisation (DDIP) geophysical survey at the Western Star prospect were announced, indicating the potential for depth extensions of high grade surface copper and cobalt mineralisation previously identified by Carawine's geologists from mapping and surface sampling.

Modelled results from the survey defined three chargeable anomalies, two of which are directly coincident with high grade copper and cobalt values in rock chip samples, ranging from 0.03% up to 43.7% Cu, and 7.8ppm up to 884ppm Co (Figures 3 and 4, Table 1). The main, central anomaly extends over 600m strike, is modelled to below 100m from surface, and is coincident with a significant gravity high. A third strong chargeable anomaly is associated with outcropping manganese mineralisation on the western dolomite contact where a single rock chip sample returned a very high grade of 53.8% Mn (Figure 4) (see ASX announcement dated 19 December, 2017 and Carawine's Prospectus released to ASX on 12 December, 2017, for details).

Table 1: Western Star prospect significant rock chip sample assay results and DDIP anomaly association.

Rock chip Sample*	DDIP Anomaly	Cu (%)	Co (ppm)	Ag (ppm)	Pd (ppb)	Pt (ppb)
CB20007		11.4	34.8	4.93	3.7	3.6
CB20008		38.9	810	9.36	10.7	1.1
CB20009		25.1	10.8	5.16	13.1	2.8
CB20010	X	11.1	46.3	3.99	1.2	1.3
CB20011		14.9	10.4	0.49	3.4	0.8
CB20012	X	21.1	7.8	0.49	113	160
SA042188	X	0.03	884	0.13	2.1	3.5
SA042189	X	0.10	577	0.1	<0.5	<0.5
SA062401		6.36	1436	2.57	<0.5	<0.5
SA062472		44.5	495	14.1	2.6	2.1
SA062476		23.4	511	9.33	2.6	1.9
SA062477		32.8	853	6.24	3.3	1.6
SS08328	X	43.7	22.1	50.4	2.9	1.9
SS08329	X	1.31	71.3	0.83	0.8	1.7
SS08334		12.4	2.1	14.1	0.6	<0.5

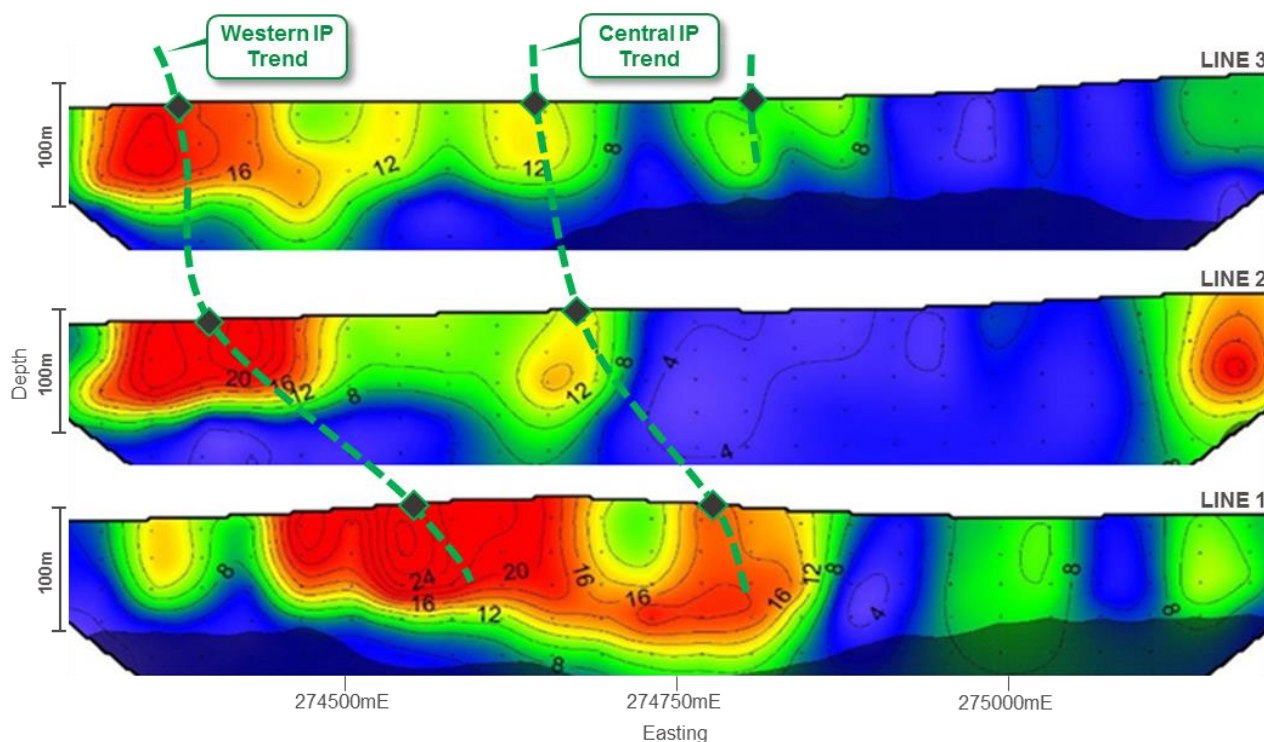


Figure 3: Stacked cross sections of modelled DDIP chargeability (mV/V) showing anomalies extending from surface to below 100m depth.

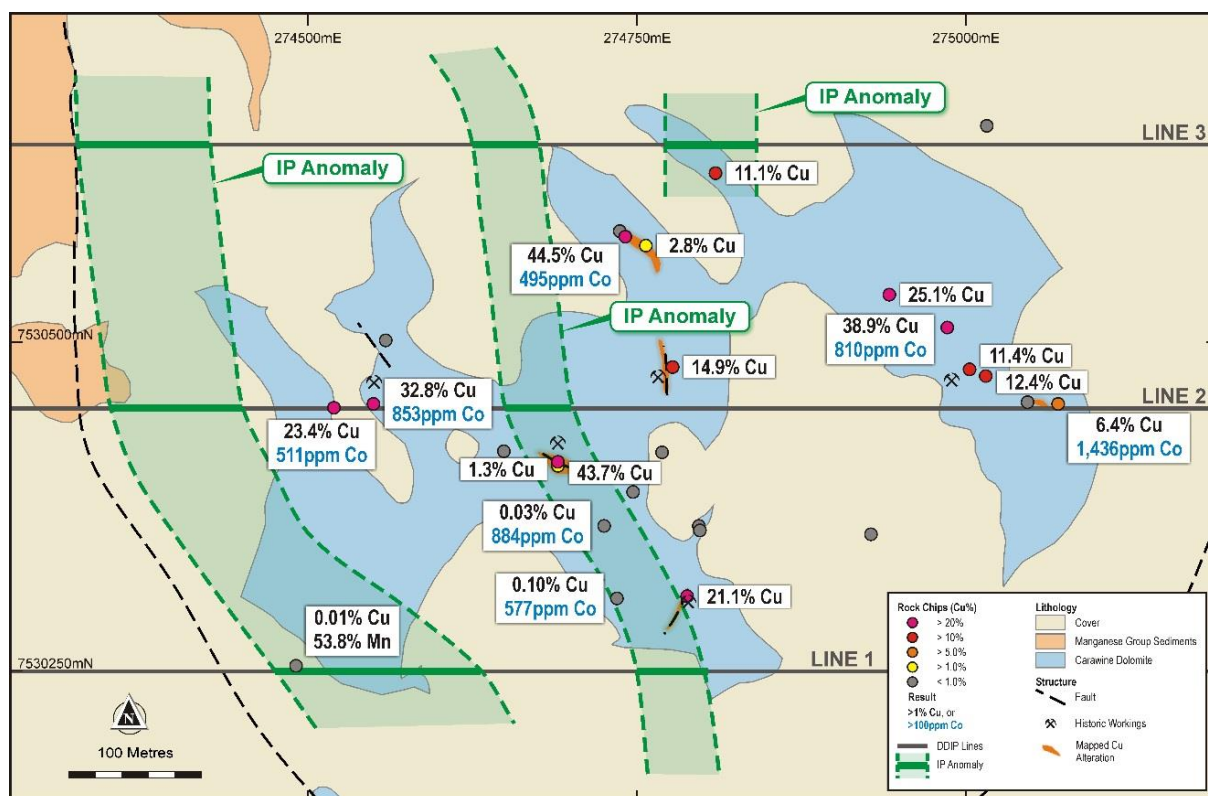


Figure 4: Western Star prospect plan showing location of historic workings, rock chip sample locations and DDIP lines with interpreted anomaly trends.

Surface copper mineralisation at Western Star is typical of oxide zone assemblages associated with weathering of copper sulphide. The moderate strength DDIP anomalies, especially those directly associated with surface copper mineralisation as shown, are therefore potentially associated with this copper sulphide mineralisation at depth.

Further work proposed for Western Star comprises additional infill and extension ground geophysical surveys aimed at further defining the targets prior to drill testing mid-2018. This work is planned to occur in parallel with Carawine's other exploration programs, including those proposed at the Jamieson Project.

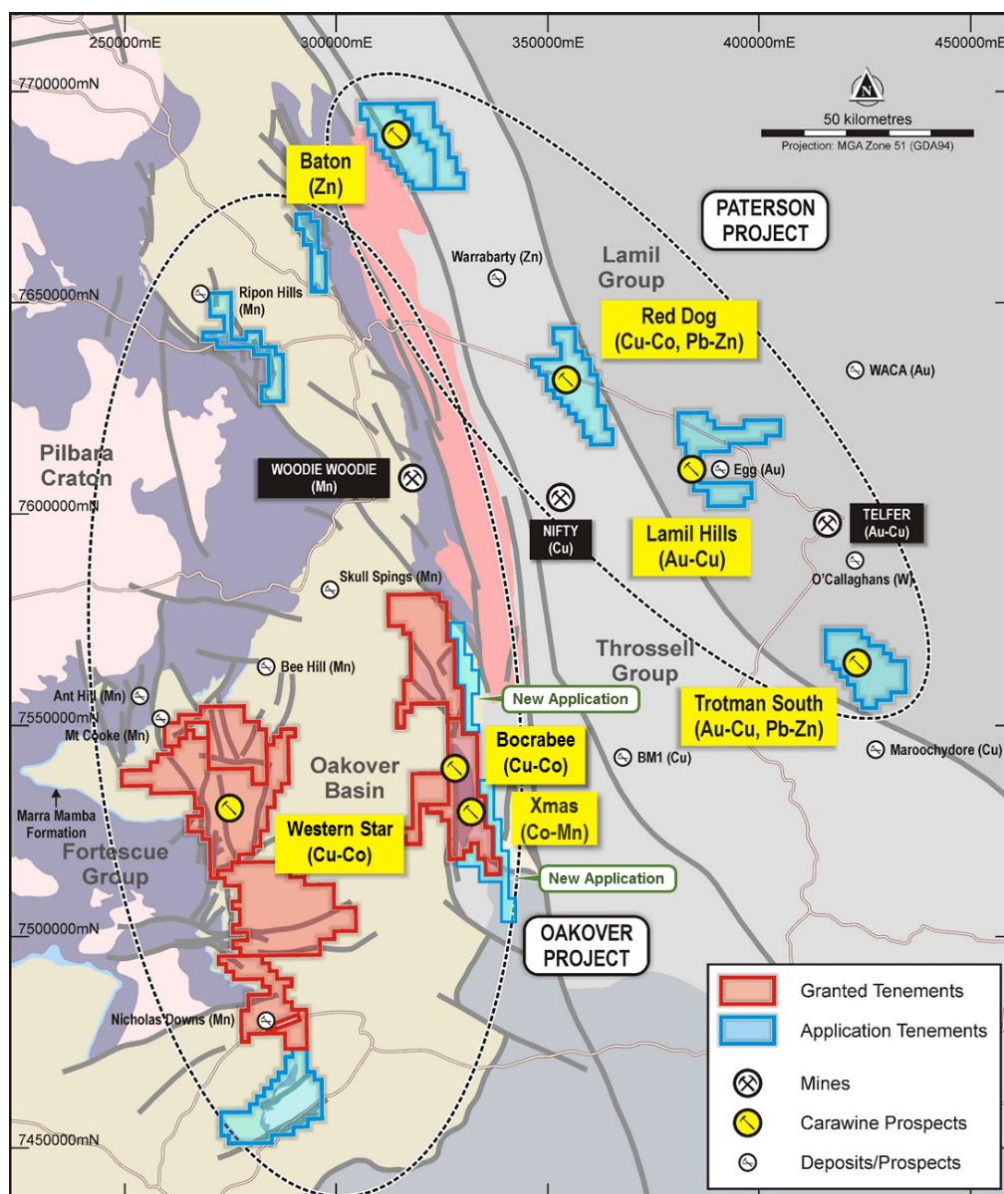


Figure 5: Oakover and Paterson Project tenement location plan, with location of the Xmas prospect and new tenement applications.

Xmas Prospect

During the Quarter the Company confirmed the presence of a potentially significant cobalt-manganese target, identifying the source of a large surface cobalt anomaly at the historic Xmas prospect.

CRA Exploration identified the Xmas prospect in the early 1990s, defining a 3km long by 0.75km wide area of anomalous cobalt from 100ppm up to 4,930ppm (0.5%) and manganese from 2.7% to 34.5% in surface lag samples (Figure 6). Subsequent geological mapping identified a discontinuous lens of massive to brecciated cobalt-manganese mineralisation exposed for more than 1 km of strike along a clearly defined stratigraphic contact, coincident with the eastern edge of the lag anomaly. Selective rock chip samples of these outcrops returned values ranging from 25ppm up to 3,140 ppm (0.31%) Co, and 0.03% to 55.8% Mn (Table 2, Figure 6), confirming the contact zone mineralisation as the source of the lag anomaly (see ASX announcement dated 21 December, 2017 for details).

Table 2: Xmas prospect historic rock chip manganese sample results.

Sample	Co (ppm)	Mn (%)	Ba (ppm)	Zn (ppm)	Sample description
3681030	3,140	28.4	8,650	2,320	Massive manganese
3681321	1,060	55.8	7,680	319	Manganiferous siltstone
3681357	1,520	22.4	5,950	2,160	Massive manganese
3681369	1,190	21.1	4,250	1,660	Manganiferous dolomite
3681391	604	8.4	2,760	2,140	Massive and brecciated manganese
3681409	25	0.03	644	8	Yellow-green quartz rich manganese
3681414	205	5.4	896	42	Weathered manganese breccia

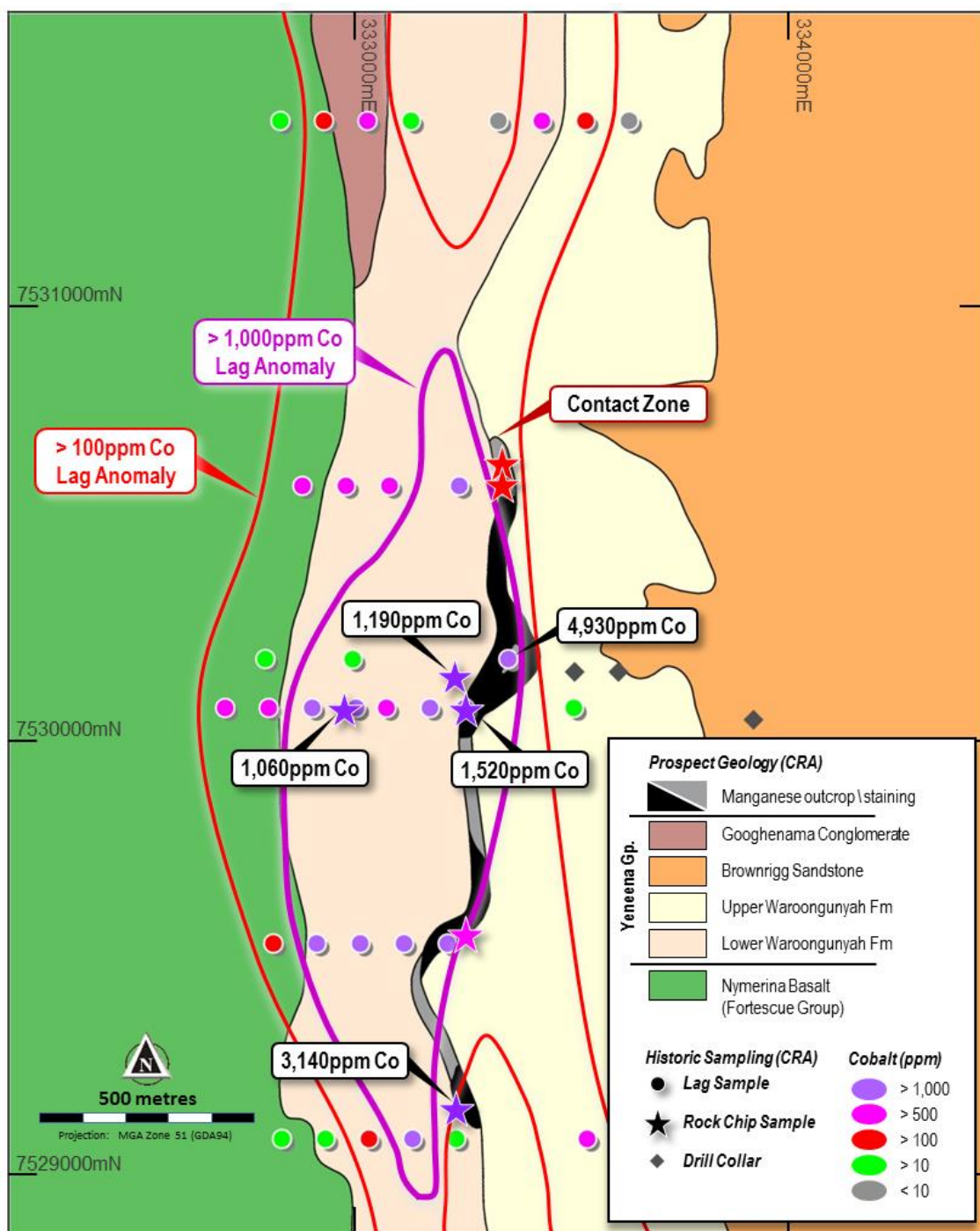


Figure 6: Xmas prospect geology, lag and rock chip sample plan.

The discontinuous lens of massive to brecciated cobalt-manganese mineralisation occurs at a transitional contact between the Upper and Lower Waroongunyah Formation, marking a change from dolomite, dolomitic sandstone and siltstone (Lower) to white to pale grey-yellow weathered, bleached siltstone with rare gritty sandstone interbeds (Upper) (Figure 6). Cobalt-manganese deposits such as that targeted at Xmas are a recognised source of cobalt, with potential for straightforward beneficiation and relatively simple metallurgical recovery processes.

As the Xmas prospect is at an early stage of evaluation, the next phase of work planned will comprise geological mapping, rock chip sampling and geophysics (reprocessing historic data, and potentially acquisition of new data), to establish targets for drill testing both at Xmas and potential repeats within the host formation. This work will be completed in parallel with advancing a number of copper and cobalt prospects in the Oakover project during Q2 and Q3 2018.

Based on these results, the Company applied for two new exploration licences, one to the east and south of the Xmas prospect (E45/5145), and the other further north (E46/1239), in order to secure tenure over more than 50km of strike of the prospective Waroongunyah Formation (Figure 5). Additional regional exploration will therefore concentrate on discovering repeats of the Xmas mineralisation within this unit.

PATERSON PROJECT (Au-Cu, Cu-Co)

The Paterson Project, situated in the Paterson Province at the eastern edge of the Pilbara Craton, is dominated by Proterozoic age rocks of the Rudall Metamorphic Complex and the overlying Yeneena Supergroup. The Paterson area is host to the Telfer Au-Cu deposit, and the Nifty and Maroochydore stratabound Cu-(Co) deposits. Carawine's Paterson Project comprises five exploration licence applications over an area of about 989km² across four regions: Lamil Hills, Trotman South, Red Dog and Baton (Figure 5). The Company will progress these tenements towards grant prior to planning exploration activities.

FRASER RANGE PROJECT (Ni-Cu-Co)

The Fraser Range Project includes 5 granted exploration licences in four areas: Red Bull, Bindii, Big Bullocks and Similkameen; and one exploration licence application Albert Park, in the Fraser Range region of Western Australia. The Project is considered prospective for magmatic nickel-sulphide deposits such as that at the Nova nickel-copper-cobalt operation (Figure 7).

Carawine has a joint venture with Independence for the five granted tenements (the Fraser Range Joint Venture), who currently hold a 51% interest. Independence can earn an additional 19% interest in the tenements by spending \$5 million by the end of 2012.

Independence has advised that it plans to complete airborne electromagnetic ("EM") surveys using the powerful SPECTREM-PLUS AEM system over E39/1733 (Big Bullocks) and E69/3033 and E69/3052 (Red Bull) during Q1, 2018. Although some of the areas to be surveyed have had helicopter-borne EM surveys completed in the past, the SPECTREM system is expected to provide better depth penetration and cleaner signals, resulting in deeper detection of EM anomalies and more confidence in the data provided.

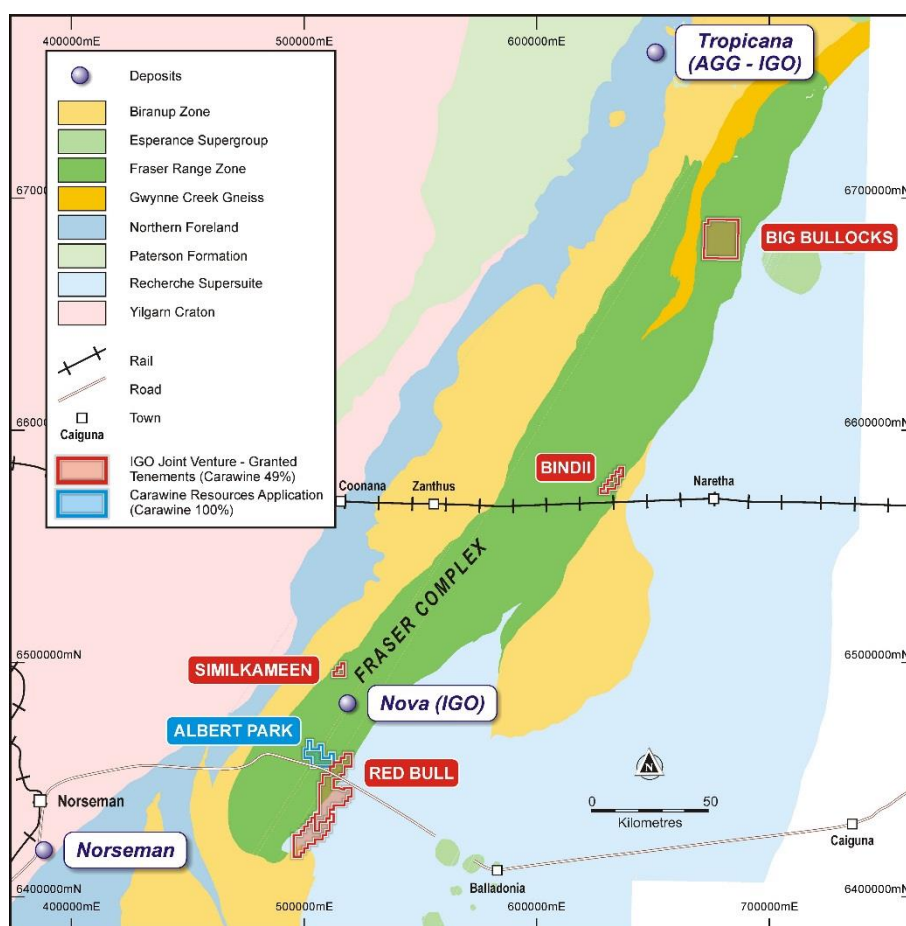


Figure 7: Fraser Range Project tenements.

CORPORATE

During the Quarter, Carawine was spun out of its parent Sheffield Resources Ltd (ASX:SFX, "Sheffield"). The demerger was completed through the in specie distribution of Sheffield's entire holding of 20 million Carawine shares to eligible Sheffield shareholders as of the record date of 30 November 2017, resulting in a distribution ratio of 1 Carawine share for every 11.4 Sheffield shares held.

Subsequent to the demerger, Carawine completed an IPO, raising \$7 million from the issue of 35 million shares, closing the IPO significantly oversubscribed. Carawine listed on the ASX on 14 December, 2017.

Shareholders who received their shares through the spin out of Carawine from Sheffield, or through the IPO, are entitled to a 1 for 3 loyalty option exercisable at 30c with a three year expiry, subject to those shares being held at the vesting date of 14 June, 2018.

CASH POSITION

As at 31 December 2017, the Company had cash reserves of approximately \$6.4 million.

Mr David Boyd
Managing Director
30 January, 2018

Schedule 1: Interests in Mining Tenements at the end of the quarter as required under ASX Listing Rule 5.3.3.

Project	Tenement	Holder	Interest	Location ³	Status
Jamieson	EL5523	Jamieson Minerals Pty Ltd	0% ¹	Victoria	Live
Oakover	E 46/1041-I	Carawine Resources Ltd	100%	Western Australia	Live
Oakover	E 46/1042-I	Carawine Resources Ltd	100%	Western Australia	Live
Oakover	E 46/1044-I	Carawine Resources Ltd	100%	Western Australia	Live
Oakover	E 46/1069-I	Carawine Resources Ltd	100%	Western Australia	Live
Oakover	E 46/1099-I	Carawine Resources Ltd	100%	Western Australia	Live
Oakover	E 46/1116-I	Carawine Resources Ltd	100%	Western Australia	Live
Oakover	E 46/1119-I	Carawine Resources Ltd	100%	Western Australia	Live
Paterson	E 45/4845	Carawine Resources Ltd	100%	Western Australia	Pending
Paterson	E 45/4847	Carawine Resources Ltd	100%	Western Australia	Pending
Paterson	E 45/4871	Carawine Resources Ltd	100%	Western Australia	Pending
Paterson	E 45/4881	Carawine Resources Ltd	100%	Western Australia	Pending
Paterson	E 45/4955	Carawine Resources Ltd	100%	Western Australia	Pending
Oakover	E 45/4958	Carawine Resources Ltd	100%	Western Australia	Pending
Oakover	E 45/4959	Carawine Resources Ltd	100%	Western Australia	Pending
Oakover	E 45/5145	Carawine Resources Ltd	100%	Western Australia	Pending
Oakover	E 46/1194	Carawine Resources Ltd	100%	Western Australia	Pending
Oakover	E 46/1239	Carawine Resources Ltd	100%	Western Australia	Pending
Fraser Range JV	E 28/2374-I	Carawine Resources Ltd	49% ²	Western Australia	Live
Fraser Range JV	E 28/2563	Carawine Resources Ltd	49% ²	Western Australia	Live
Fraser Range JV	E 39/1733	Carawine Resources Ltd	49% ²	Western Australia	Live
Fraser Range JV	E 69/3033	Carawine Resources Ltd	49% ²	Western Australia	Live
Fraser Range JV	E 69/3052	Carawine Resources Ltd	49% ²	Western Australia	Live
Fraser Range	E 69/3521	Carawine Resources Ltd	100% ³	Western Australia	Pending

Notes:

1. Carawine can earn a 100% interest in EL5523 through expenditure of \$190,000 on exploration, and the issue to the Vendor of fully paid ordinary shares in Carawine to the value of \$200,000.
2. Independence Group NL hold a 51% interest in the Fraser Range JV tenements, and can earn up to 70% through the expenditure of \$5m by the end of 2021.
3. E 69/3521 is one of 6 applications made at the same time and is subject to a ballot to be held by the Mining Warden.

During the Quarter and prior to listing on the ASX Carawine Resources Ltd demerged from its parent Sheffield Resources Ltd (ASX:SFX), the tenements listed in the Schedule above are those applicable to the transaction.

Details of tenements and/or beneficial interests acquired/disposed of during the quarter are provided in Section 10 of the Company's accompanying Appendix 5B notice.

COMPLIANCE STATEMENTS**PREVIOUSLY REPORTED INFORMATION**

This report includes information that relates to Exploration Results prepared and first disclosed under the JORC Code (2012). The information was extracted from the Company's previous ASX Announcements as follows:

- Xmas prospect identified: "Significant Outcropping Cobalt-Manganese Anomaly Identified" 21 December, 2017
- Western Star DDIP results: "Significant IP Anomaly Identified Beneath Surface Copper Cobalt Mineralisation" 19 December, 2017
- Initial public offer Prospectus: "Carawine Resources Prospectus" 12 December, 2017

Copies of these announcements are available from the ASX Announcements page of the Company's website: www.carawine.com.au

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements. The Company confirms that the form and context in which the competent person's findings are presented have not been materially modified from the relevant original market announcements.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

Some statements in this report 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", "predict", "foresee", "proposed", "aim", "target", "opportunity", "could", "nominal", "conceptual" and similar expressions. Forward-looking statements, opinions and estimates included in this report 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. So there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.