

**Report Pursuant to
Section 102.1 of the *Securities Act* (Ontario) and
Similar Provisions of other Provincial Securities Legislation**

1. The name and address of the Offeror

Carnavale Resources Limited (the “**Offeror**”)
30 Ledger Road
Balcatta, WA
Australia, 6021

2. The designation and number or principal amount of securities and the Offeror’s security holding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file a news release, and whether it was ownership or control that was acquired in those circumstances

On March 20, 2009, the Offeror purchased 4,000,000 units (the “**Units**”) of Kilo Goldmines Inc. (“**Kilo**”). Each Unit was comprised of one common share of Kilo and one half of one common share purchase warrant. The aggregate purchase price for the Units was \$2,000,000, representing a subscription price of \$0.50 per Unit. The Units were exchanged for units (“**Issuer Units**”) of Kilo Goldmines Ltd. (the “**Issuer**”) on terms identical to those of the Units. The Issuer began trading publicly on April 21, 2009.

As a result of the acquisition and exchange of the Units for Issuer Units, the Offeror owns 4,000,000 common shares in the Issuer (“**Common Shares**”) and 2,000,000 warrants (“**Warrants**”), each exercisable to acquire one Common Share at a price of \$0.60 per Common Share for a period of 24 months from the date of issue of the Units.

As a result of the transactions described above, the Offeror owns 4,000,000 Common Shares representing approximately 10.05% of the issued and outstanding Common Shares and 2,000,000 Warrants representing 39.76% of the issued and outstanding Warrants.

The Issuer issued a press release on April 13, 2009 announcing the issuance of the Units as part of a recently completed private placement and the Offeror issued a press release on May 7, 2009 announcing the acquisition of the Units and their exchange for Issuer Units.

3. The designation and number or principal amount of securities and the Offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file a news release

After giving effect to the transactions described above, the Offeror owns 4,000,000 Common Shares, representing approximately 10.05% of the issued and outstanding Common Shares and 2,000,000 Warrants representing 39.76% of the issued and outstanding Warrants.

4. The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph (3) over which:

(a) the Offeror, either alone or together with any joint actors, has ownership and control

As a result of the acquisition noted above, the Offeror owns 4,000,000 Common Shares, representing approximately 10.05% of the issued and outstanding Common Shares and 2,000,000 Warrants representing 39.76% of the issued and outstanding Warrants.

- (b) **the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor**

Not applicable.

- (c) **the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership**

Not applicable.

5. **The name of the market in which the transaction or occurrence that gave rise to the news release took place**

Not applicable; all securities were issued from treasury.

6. **The value in Canadian dollars of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release**

The acquisition cost of the Issuer Units was \$0.50 per Issuer Unit.

7. **The purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer**

The securities described herein were acquired for investment purposes and the Offeror and/or one or more of its affiliates may, depending on market and other conditions, increase or decrease its beneficial ownership of Common Shares or other securities of the Issuer whether in the open market, by privately negotiated agreement or otherwise.

8. **The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities**

On March 18, 2009, the Offeror and Kilo entered into the Share Purchase Agreement for the Offeror to acquire 2,000,000 Units for a purchase price of \$2,000,000. The Share Purchase Agreement contains customary representations, warranties, covenants, closing conditions and confidentiality provisions for a share purchase agreement of a similar size and nature.

The Offeror, Kilo and the Issuer did not agree to enter into any other agreements with respect to the acquisition, holding, disposition or voting of the Units or the Issuer Units.

9. **The names of any joint actors in connection with the required disclosure**

None.

10. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value in Canadian dollars of the consideration paid by the Offeror**

The nature and value of the consideration paid by the Offeror for the Issuer Units was cash with a value of \$2,000,000, representing a subscription price of \$0.50 per Issuer Unit.

11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities

Not applicable.

12. If applicable, a description of the exemption from securities legislation being relied on by the Offeror and the facts supporting that reliance

For the acquisition of the Units and their subsequent exchange for Issuer Units, the Offeror is relying on the exemption found in section 2.10 of National Instrument 45-106 – *Prospectus Exempt Distributions* (“**NI 45-106**”), as the Units were issued under the minimum amount investment exemption.

DATED this 7th day of May, 2009.

CARNAVALE RESOURCES LIMITED

Name: “Ron Gajewski”

Position: Ron Gajewski

Director