

**SHAW STOCKBROKING**

16 March 2007

Carnavale Resources Limited
Attn: Paul Jurman
30 Ledger Road
BALCATTWA WA 6021

By fax: 08 9240 6876
By fax: 1900 999 279

Dear Mr Jurman,

**RE: NOTICE OF INITIAL SUBSTANTIAL HOLDER -
MCNEIL NOMINEES PTY LIMITED**

In accordance with section 671B of the Corporations Act please find enclosed McNeil Nominee Pty Limited's Notice of Initial Substantial Holder in Carnavale Resources Limited.

Yours faithfully,

Craig Sidney
Company Secretary
McNeil Nominees Pty Limited

SHAW Stockbroking Limited A.B.N. 24 003 221 583

Participant of ASX Group and holder of Australian Financial Services Licence No 236048

Level 16, 60 Castlereagh Street, Sydney NSW 2000 ▶ Tel (02) 9238 1238 Fax (02) 9232 1296 Toll Free 1800 636 625
GPO Box 3604, Sydney NSW 2001 DX SSE 10390

Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**

To: Company Name/Scheme

CARNAVALE RESOURCES LIMITED

ACN / ARSN

119 450 243

1. Details of substantial holder (1)

Name

MCNEIL NOMINEES PTY LIMITED

ACN / ARSN (if applicable)

003 207 592

The holder became a substantial holder on

15 / 03 / 2007

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORDINARY FULLY PAID	7,000,000	7,000,000	15.89%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
MCNEIL NOMINEES	REGISTERED HOLDER UNDER	7,000,000 ORDINARY FULLY
	NOMINEE AGREEMENT	PAID

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
MCNEIL NOMINEES	MCNEIL NOMINEES	MCNEIL NOMINEES	7,000,000 ORDINARY
			FULLY PAID

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
MCNEIL NOMINEES	7 MARCH 2007	\$70,000		7,000,000 ORDINARY
				FULLY PAID

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of Association
N/A	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
MCNEIL NOMINEES PTY LTD	LEVEL 16, 60 CASTLEREAGH STREET, SYDNEY NSW 2001

Signature

Print name	<input type="text" value="CRAIG SIDNEY"/>	capacity	<input type="text" value="SECRETARY"/>
sign here	<input type="text" value="C. Sidney"/>	date	<input type="text" value="16 /03 /2007"/>

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Includes details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details for any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

