



29 June 2007

The Manager  
ASX Ltd  
Level 4, 20 Bridge Street  
Sydney, NSW 2000

Dear Sir

## **Carnavale Resources completes due diligence on acquisition of 100% interest in a high grade Molybdenum project in Brazil**

### **Highlights:**

- **Due diligence successfully completed pursuant to the Letter of Intent announced to the ASX on 25 May 2007.**

Australian based resources company Carnavale Resources Limited ("**Carnavale**" or the "**Company**") will progress the development of the Frei Martinho Molybdenum Project in Brazil, South America, following the successful completion of due diligence of the project and the reaching of a definitive agreement with Metal Land Capital Brasil Mineracao Ltda ("**Metal Land**") for 100 per cent ownership of the project. This is pursuant to the Letter of Intent announced to the ASX on 25 May 2007.

The transaction is expected to settle within the week, after Carnavale completes the first requirement of the agreement and remits USD\$50,000 for transfer of full ownership of the mineral rights in the Project.

It is the Company's opinion that the potential and geological character of the Frei Martinho Molybdenum Project is of sufficient merit to warrant an extensive exploration programme, including surface and underground mapping with a view to commencing a diamond drilling programme in the next quarter.

For further information please contact the undersigned.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ron Gajewski", written over a light blue horizontal line.

Ron Gajewski  
Executive Director

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