



22 October 2007

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

Dear Sir

## **NON-RENOUNCEABLE ENTITLEMENT OFFER OF OPTIONS**

As indicated in the Initial Public Offering Prospectus dated 15 January 2007, Carnavale Resources Limited is pleased to announce that the Company will undertake a non-renounceable entitlement offer of options on the basis of one option for every one share held at an issue price of one cent per option. The key dates are summarised below and an Appendix 3B is attached.

Lodgement of Prospectus	29 October 2007
Shares commence trading ex Entitlement basis	31 October 2007
Record Date for determining Entitlements	7 November 2007
Prospectus despatch date and Opening Date	12 November 2007
Closing Date of the Offer	27 November 2007
Issue of Options & despatch of holding statements	5 December 2007

Yours faithfully

A handwritten signature in black ink, appearing to read "Paul Jurman", with a stylized flourish at the end.

Paul Jurman  
Company Secretary

**CARNAVALE RESOURCES LIMITED**  
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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

**Appendix 3B**

**New issue announcement,  
application for quotation of additional securities  
and agreement**

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

**CARNAVALE RESOURCES LIMITED**

ABN

49 119 450 243

We (the entity) give ASX the following information.

**Part 1 - All issues**

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Options.   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | Approximately 51,650,110.  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Each option is to subscribe for one ordinary share at an issue price of 20 cents, with an expiry date of 30 June 2009. |

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+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No.</p>						
<p>5 Issue price or consideration</p>	<p>One (1) cent per option.</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Loyalty issue to shareholders and to provide working capital.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>To be advised.</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">29,950,110*</td> <td style="padding: 2px;">Ordinary fully paid shares.</td> </tr> <tr> <td style="padding: 2px;">51,650,110</td> <td style="padding: 2px;">Options exercisable at 20 cents on or before 30 June 2009.</td> </tr> </tbody> </table>	Number	+Class	29,950,110*	Ordinary fully paid shares.	51,650,110	Options exercisable at 20 cents on or before 30 June 2009.
Number	+Class						
29,950,110*	Ordinary fully paid shares.						
51,650,110	Options exercisable at 20 cents on or before 30 June 2009.						

\* Includes 900,000 shares that are subject to voluntary escrow. For full details refer to Attachment 1.

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	21,700,000 Ordinary fully paid shares.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	One option for every share held
14	+Class of +securities to which the offer relates	Ordinary shares
15	+Record date to determine entitlements	Wednesday, 7 November 2007
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded down.
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Offer document will only be sent to shareholders with addresses in Australia and New Zealand. Shareholders with an address outside these countries will not be eligible to participate in the offer.
19	Closing date for receipt of acceptances or renunciations	Tuesday, 27 November 2007

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A – offer is not underwritten.
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Monday, 12 November 2007.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	Wednesday, 5 December 2007.

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+ See chapter 19 for defined terms.

### Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

**TO BE PROVIDED**

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

**TO BE PROVIDED**

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

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+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....  
(Company secretary)

Date: 22 October 2007

Print name: Paul Jurman

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+ See chapter 19 for defined terms.

# Attachment 1

<b>Shares</b>	<b>Voluntary Escrow Completion Date</b>
500,000	21/11/2007
<b>500,000</b>	

<b>Shares</b>	<b>Voluntary Escrow Completion Date</b>
200,000	18/11/2007
200,000	18/12/2007
<b>400,000</b>	

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+ See chapter 19 for defined terms.