

This is a supplementary prospectus to be read with the Prospectus dated 29 October 2007 issued by Carnavale Resources Limited.

CARNAVALE RESOURCES LIMITED

ACN 119 450 243

SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus is dated 8 November 2007 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on 8 November 2007. ASIC and the ASX do not take any responsibility for the contents of this Supplementary Prospectus.

This document is supplementary to the Prospectus dated 29 October 2007 issued by Carnavale Resources Limited (**Prospectus**) and must be read together with that Prospectus. No previous supplementary prospectus has been lodged with ASIC in relation to the Offer. Pursuant to Section 719(4) of the Corporations Act, the information set out in this Supplementary Prospectus is taken to be included in the Prospectus. Terms defined in the Prospectus have the same meaning in this Supplementary Prospectus except where otherwise defined in this Supplementary Prospectus.

1. Introduction

On 29 October 2007 Carnavale Resources Limited (**Company**) issued the Prospectus offering a non-renounceable entitlement offer of 1 Option for every 1 Share held by Shareholders on the Record Date at an issue price of 1 cent per Option and 1 Share only at an issue price of \$1.00 to raise \$1.00.

New circumstances have arisen since the Prospectus was issued.

On 5 November 2007, the Company advised that it had entered into subscription agreements with International and Australian investors for the issue of up to 6.7 million Shares at an issue price of \$1.40 per Share. The Company completed the placement of 6,645,998 Shares (**Share Placement**) on 7 November 2007 and raised a total of \$8,746,133 net of costs. These funds are proposed to be used for exploration activities on the Company's gold, iron ore and molybdenum projects in Brazil and for administrative and corporate overhead costs.

A condition of the subscription agreements entered into by the Company was that the Share Placement would be completed on or before the Record Date for the purposes of the Entitlement offer of Options contained in the Prospectus. As a result of the Share Placement some of the information in the Prospectus has changed. Revised information is presented below in sections 2, 3 and 4 of this Supplementary Prospectus.

2. Capital Structure

The capital structure of the Company summarised in Section 5.1 of the Prospectus is now as follows:

	Shares	Options
Securities on issue at present	58,817,537	-
Options offered by the Prospectus	-	58,817,537
Shares offered by the Prospectus	1	-
Total at completion of the Offer (assuming all Entitlements are taken up) *	<u>58,817,538</u>	<u>58,817,537</u>

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3. Pro-Forma Balance Sheet

The pro forma balance sheet of the Company and accompanying information summarised in Section 5.6 of the Prospectus is now as follows.

Set out below is an audited consolidated Balance Sheet of the Company as at 30 June 2007 and a pro-forma Balance Sheet illustrating the effect the issue of Securities offered by this Prospectus would have on that Balance Sheet if the issue was completed and had the funds (net of expenses) been received as at 30 June 2007.

PRO-FORMA BALANCE SHEETS AS AT 30 JUNE 2007

	CONSOLIDATED ENTITY	
	AUDITED	PROFORMA
	30 JUNE 2007	30 JUNE 2007
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	4,646,159	13,950,469
Trade and other receivables	133,606	133,606
Other assets	22,063	22,063
TOTAL CURRENT ASSETS	4,801,828	14,106,138
NON-CURRENT ASSETS		
Property, plant and equipment	12,606	12,606
Exploration and evaluation expenditure	2,147,922	2,867,922
TOTAL NON-CURRENT ASSETS	2,160,528	2,880,528
TOTAL ASSETS	6,962,356	16,986,666
CURRENT LIABILITIES		
Trade and other payables	1,188,740	188,740
TOTAL CURRENT LIABILITIES	1,188,740	188,740
TOTAL LIABILITIES	1,188,740	188,740
NET ASSETS	5,773,616	16,797,926
EQUITY		
Issued Capital	6,286,195	16,782,329
Reserves	4,174	562,350
Accumulated losses	(516,753)	(546,753)
TOTAL EQUITY	5,773,616	16,797,926

Proforma Transactions

The un-audited pro-forma consolidated balance sheet of the Company and its subsidiaries has been included for illustrative purposes only. The pro-forma balance sheet has been prepared by adjusting the audited balance sheet at 30 June 2007 to reflect the financial effects of the following transactions as if they had occurred at 30 June 2007:

The Proforma Balance Sheet presented above show the following:

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- the effect of the maximum subscription amount of \$588,177 being raised under this Offer, with \$30,000 cash being expended on expenses of the Issue.
- On 18 July 2007 the Company issued 1,000,000 Shares at a price of \$1.00 each as part consideration for 100% ownership of the Frei Martinho project in Brazil. This amount was previously included as "Trade and other payables" in the audited balance sheet at 30 June 2007.
- On 23 October 2007 the Company issued 500,000 Shares at a price of \$1.44 each as part consideration for 100% ownership of additional projects surrounding the Company's Frei Martinho project in Brazil.
- On 23 October 2007 the Company issued 21,429 Shares at a price of \$1.40 each in consideration for consulting services provided to the Company.
- On 7 November 2007, the Company completed the allotment and issue of 6,645,998 Shares at an issue price of 1.40 each to raise a total of \$8,746,133 net of costs.

The accounting policies adopted in preparation of the pro-forma statement of financial position are consistent with the policies adopted in the preparation of the 30 June 2007 annual report.

4. Continuous Disclosure and Documents Available for Inspection

The list of announcements and documents available for inspection for the purposes of Section 5.4 of the Prospectus now includes the following documents.

Date	Details
07/11/2007	Completion of Share Placement
05/11/2007	Share Placement
01/11/2007	Trading Halt
31/10/2007	Quarterly Activities and Cashflow Report
31/10/2007	Annual Report to shareholders
29/10/2007	Disclosure Document

5. Closing Date

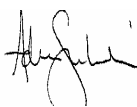
No applications have been received as at the date of this Supplementary Prospectus pursuant to the Offer as the Opening Date is 12 November 2007. A personalised Entitlement and Acceptance Form accompanies this Supplementary Prospectus and the Prospectus. The Company advises that the Closing Date of the Offer remains as 27 November 2007.

6. Directors' Consent

In accordance with Section 720 of the Corporations Act, each Director of the Company has consented in writing to the lodgement of this Supplementary Prospectus.

Dated: 8 November 2007

Signed for and on behalf of Carnavale Resources Limited by:



Adam Sierakowski
Chairman