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ASX Announcement

Carnavale successfully completes initial exploration program at Frei Martinho Molybdenum Project in Brazil – drilling to start shortly

Key points:

- **Carnavale completes initial exploration program at Brazilian molybdenum project**
- **Program consisted of regional and detailed underground mapping, rock channel and grab sampling.**
- **Results suggest average grade will be greater than previously reported (0.20-0.40% Mo).**
- **Company to conduct a 2,000 metre reconnaissance drilling program to better evaluate the potential of the project – due to commence this week.**

Australian based resources company Carnavale Resources Limited (“Carnavale” or “the Company”) has successfully completed an initial exploration program at its Frei Martinho Molybdenum Project located in Paraíba State, northeast Brazil. Due to the highly encouraging results of this program the Company plans to commence drilling at the project this week.

The Frei Martinho Molybdenum Project is covered by seven properties controlled by the Company, totalling 12,362.54 hectares.

The property had been subjected to intensive mining activities for molybdenum in the past with the development of an underground room and pillar mine, using a decline and adits for access. The molybdenum was also mined in several open pits opened manually and by backhoe excavator with the molybdenite+powellite being selected manually. Former miners informed that blocks up to 200 kilogram of molybdenite and powellite have been mined indicating the bonanza mineralization style. There are no official records about past production.

The recent program included regional and detailed underground mapping accompanied by rock channel and grab sampling. Regionally, there are two main skarn horizons on the property. One is characterized to be a molybdenite-powellite-bearing skarn and the other is represented by a scheelite-bearing skarn.

Molybdenite-Powellite-Bearing Skarn

The molybdenite-powellite-bearing skarn is stratigraphically higher (some 80 metres above) than the scheelite-bearing skarn and can be traced for, at least, 4,300 metres along the NE-SW strike, dipping 15 to 40° to SE. The skarn is composed of quartz, feldspar, augite, actinolite, vesuvianite, calcite, epidote, garnet and intercalated with coarse-grained marbles. Molybdenite usually occurs as millimetric to decimetric blebs, as well as, disseminated. Both styles are irregularly distributed within the skarn horizon and closely associated with feldspar injections on the upper contact with the host biotite schist. Powellite forms pseudomorphs after molybdenite and is a product of the oxidation of molybdenite.

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The thickness of the ore zone varies from 0.30 to 2.60 metres. In several localities, there are two or three skarn layers intercalated with the host biotite schist unit. Nine grab samples collected on the run-of-mine material stockpiled at surface returned grades with 1.30, 1.20, 0.32, 0.24 and 0.09% Mo **suggesting that the average grade will be greater than previously reported (0.20-0.40% Mo)**. A total of forty-six channel samples were collected on the pillars of stopes, as well as, on the remainder exposures of the molybdenum oreshoots previously mined by artisanal miners.

Highlights from this channel sampling include:

- **0.89 metres grading 1.14% Mo**
- **0.38 metres grading 2.52% Mo**
- **0.43 metres grading 1.72% Mo**
- **0.81 metres grading 0.99% Mo**
- **0.81 metres grading 0.96% Mo**
- **1.25 metres grading 0.92% Mo**
- 0.93 metres grading 0.68% Mo
- 1.35 metres grading 0.56% Mo
- 0.73 metres grading 0.55% Mo
- 0.67 metres grading 0.50% Mo
- 0.87 metres grading 0.47% Mo
- 0.70 metres grading 0.40% Mo
- 0.98 metres grading 0.39% Mo

Other less significant intersections include:

- 1.05 metres grading 0.26% Mo
- 1.15 metres grading 0.25% Mo
- 1.05 metres grading 0.15% Mo + 2.007ppm W
- 1.25 metres grading 0.10% Mo
- 0.27 metres grading 0.10% Mo

Scheelite-Bearing Skarn

The scheelite-bearing skarn forms an intermittent trend that can be traced for about 12 kilometres along a NE-SW direction, parallel to the regional foliation of the host sequence composed by muscovite quartzite and garnet-biotite schists. The scheelite-bearing skarn is mainly composed by quartz, feldspar, garnet, epidote, vesuvianite, actinolite, calcite and augite. Scheelite occurs disseminated on structurally-controlled pods with an average plunging of 80°/20°. Fifteen channel samples and five grab samples were collected along the scheelite-bearing trend. Two grab samples returned grades with low tungsten (W) values but with significant Mo results, represented by 0.33% and 0.06% Mo. Best channels intersects are expressed by;

- 1.70 metres grading 1,400ppm W
- 1.80 metres grading 400ppm W
- 1.80 metres grading 400ppm W
- 0.70 metres grading 300ppm W

Commencement of Drilling Program

Based on the geological information acquired during this exploration program, the Company will commence a 2,000 metre reconnaissance drilling program to better evaluate the potential of the Frei Martinho Molybdenum Project. This program will be focused on the so called molybdenite-powellite-bearing skarn and five target areas which have been delineated along the scheelite-bearing skarn horizon.

The drill rig has arrived on site and drilling is planned to commence on Friday 16 November 2007.

For further information in respect of Carnavale, please contact:

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Scientific or technical information in this news release has been prepared under the supervision of Mr Paulo I. de Brito, a consultant to the Company and a member of the The Australasian Institute of Mining and Metallurgy ("The AusIMM"). Mr de Brito has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr de Brito consents to the inclusion in this report of the Information, in the form and context in which it appears.