



12 January 2010

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

Dear Sir

PLACEMENT AND UPCOMING RIGHTS ISSUE

Carnavale Resources Limited (**ASX: CAV**) is pleased to announce that it has resolved to raise \$1.92 million through a private placement of shares to overseas institutions and sophisticated investors. Carnavale proposes to issue 9.6 million shares at an issue price of 20 cents per share.

For arranging the placement Carnavale will pay a 7% fee and it is anticipated the placement will be finalised by 18 January 2010. The placement is not subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company also advises it intends to conduct a pro-rata non-renounceable entitlement issue of options to raise approximately \$368,000 before costs.

The Directors have resolved to offer all shareholders a non-renounceable offer to purchase one option for every share held. The options will be offered at a price of 0.5 cents each and will have an exercise price of 20 cents each, with an expiry date of 28 February 2013.

Key dates in relation to the proposed offer are noted below.

Lodgement of Prospectus	Friday 29/01/10
Shares commence trading ex Entitlement basis	Tuesday 02/02/10
Record Date for determining Entitlements	Monday 08/02/10
Prospectus despatch date and Opening Date	Thursday 11/02/10
Closing Date of the Offer	Friday 26/02/10
Issue of Options & despatch of holding statements	Monday 08/03/10

The Company reserves the right to amend this timetable including, subject to the Corporations Act 2001 and the ASX Listing Rules, to extend the closing date.

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The monies raised will be used to identify, evaluate and acquire advanced mineral projects and / or oil and gas opportunities.

The capital structure of the Company assuming the successful completion of the Placement and the non-renounceable entitlement issue of options will be:

Quoted Securities:

73,664,116 ordinary fully paid shares (ASX: CAV)

73,664,116 Listed options at an exercise price of 20 cents expiring 28/02/2013 (ASX: CAVOA)

The Company will have approximately 10.5 million cash at bank assuming the successful completion of the Placement and the non-renounceable entitlement issue of options.

Yours faithfully



Paul Jurman
Company Secretary

For further information in respect of Carnavale please contact:

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