

24 September 2013

Dear Shareholder

PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE ENTITLEMENTS ISSUE

We are pleased to inform you that Carnavale Resources Limited ("CAV" or "the Company") has lodged with ASX a Pro-Rata Non-Renounceable Entitlement Issue Prospectus ("Prospectus") for approximately 29,246,569 Shares at 1.5 cents per Share, on the basis of 1 new Share for every 3 Shares held on the record date to raise up to approximately \$438,699 together with the issue of approximately 58,493,138 Options (exercisable at 3 cents each on or before 30 November 2016) for no consideration on the basis of 2 Options for every 1 new Share subscribed (**Rights Issue**). The Rights Issue will be open to existing shareholders of CAV with registered addresses in Australia, Singapore, Hong Kong and New Zealand.

If you are eligible to participate, you will receive a hard copy of the Prospectus, together with a personalised Entitlement and Acceptance Form soon after the despatch date of the documentation on 4 October 2013 — please refer to the timetable below. In calculating Entitlements, fractions will be rounded up to the nearest whole number.

The Rights Issue is fully underwritten by Melbourne Capital Pty Ltd, holder of Australian Financial Services Licence number 238978, for a fee of 5% of the total proceeds of the Rights Issue and \$10,000 for management of the Offer.

The purpose of the Rights Issue is to raise approximately \$438,699 which will be applied firstly to meet the expenses of the Rights Issue (\$46,935) and the remainder will be used to funding the expenditure required to satisfy the Option Amount commitment of US \$500,000 in relation to the Essex Project and for general working capital.

The Company proposes to conduct the Rights Issue according to the following timetable:

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| Prospectus lodged with ASIC | 20 September 2013 |
| Shares trade "ex" the entitlements issue on ASX | 25 September 2013 |
| Record Date | 1 October 2013 |
| Despatch of Prospectus and Opening Date | 4 October 2013 |
| Closing Date | 21 October 2013 |
| Shares quoted on a deferred settlement basis | 22 October 2013 |
| Allotment of Securities and despatch of holding statements (deferred settlement trading ends) | 28 October 2013 |

CAV reserves the right to extend the closing date, subject to the ASX Listing Rules and the consent of the Underwriter, in which case the date of issue of the Securities will alter accordingly. The Prospectus has been lodged with ASX and the Australian Securities and Investments Commission (ASIC) and is available on the ASX website, www.asx.com.au.

Yours faithfully



Paul Jurman
Company Secretary