

CARAVEL MINERALS LIMITED
ABN 41 120 069 089

NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at Level 3, 18 Richardson Street West Perth, Western Australia on Thursday, 24th August 2017 at 9:30am (WST).

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

CARAVEL MINERALS LIMITED
ABN 41 120 069 089

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Caravel Minerals Limited ("**Company**") will be held at Level 3, 18 Richardson Street West Perth, Western Australia on **Thursday, 24th August 2017 at 9.30am (WST) ("Meeting")**.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 22nd August 2017 at 9.30am (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Ratification of previous issue of Shares

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 682,723 Shares, for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who participated in the issue, or any associates of those persons.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Ratification of previous issue of Options

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 2,700,000 Options, for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who participated in the issue, or any associates of those persons.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Ratification of previous issue of Tranche 1 Shares under the Company's Placement

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 13,554,000 Shares, for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who participated in the issue, or any associates of those persons.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Issue of Tranche 2 Shares and Options under the Company's Placement

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 2,666,000 Shares and 8,110,000 Options, for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the Resolution is passed, and any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Issue of Tranche 2 Shares and Options to Executive Director and CEO – Marcel Hilmer

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 400,000 Shares and 200,000 Options to Mr Marcel Hilmer (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on the Resolution by Mr Marcel Hilmer (and his nominee) or any associates of Mr Marcel Hilmer (and his nominee).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Issue of Tranche 2 Shares and Options to Director – James Harris

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 90,000 Shares and 45,000 Options to Mr James Harris (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on the Resolution by Mr James Harris (and his nominee) or any associates of Mr James Harris (and his nominee).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Issue of Tranche 2 Shares and Options to Director – Peter Alexander

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 90,000 Shares and 45,000 Options to Mr James Harris (or his nominee), for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on the Resolution by Mr Peter Alexander (and his nominee) or any associates of Mr Peter Alexander (and his nominee).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 – Approval of Employee Option Plan

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 7.2 (Exception 9(b)), approval is given for the issue of securities under the "Caravel Employee Option Plan" (a copy of which is set out in Schedule 4) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on the Resolution by a Director or any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 9 – Issue of Options under Option Plan to Executive Director and CEO – Marcel Hilmer

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 1,100,000 Options to Marcel Hilmer (or his nominee) under the Caravel Employee Option Plan, and the issue of Shares on exercise of the Options, for the purpose and on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director and any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

OTHER BUSINESS

To transact any other business that may legally be brought before the meeting.

Dated 25th July 2017
By order of the Board

Marcel Hilmer
CEO

CARAVEL MINERALS LIMITED
ABN 41 120 069 089

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 3, 18 Richardson Street West Perth, Western Australia on **Thursday, 24th August 2017 at 9.30am (WST)**.

The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice. A Proxy Form is included with this Explanatory Memorandum.

Action to be taken by Shareholders

General

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is included with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

If you appoint the Chairman as your proxy, or the Chairman is appointed as your proxy by default, please note that the Chairman intends to vote all undirected proxies held by him, and which are able to be voted, **in favour** of all Resolutions.

Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 8 and 9 if the person is either a member of the Key Management Personnel or Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on the Resolution. However, the proxy may vote if the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 8 or 9, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

1. Resolution 1 – Ratification of previous issue of Shares

During May and June 2017, the Company issued 682,723 Shares to a contractor for carrying out drilling and other services for the Company. The issue was made without disclosure to investors under the exceptions provided in section 708 of the Corporations Act.

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the commencement of that 12 month period (subject to specified exceptions).

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issue of the 682,723 Shares so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided:

- (a) 682,723 Shares were issued in total.
- (b) The 682,723 Shares were issued in exchange for drilling and other services carried out for the Company. 351,504 Shares were issued at \$0.0665 per Share and 331,219 Shares were issued at \$0.0691 per Share.
- (c) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The Shares were issued to the Company's drilling contractor as part payment for drilling services in the sum of \$46,265 carried out for the Company.
- (e) The Company did not raise any funds through the issue of the Shares.

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice.

2. Resolution 2 – Ratification of previous issue of Options

During the last 12 months, the Company issued 2,700,000 Options to investors and Company employees without disclosure under the exceptions provided in section 708 of the Corporations Act.

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the commencement of that 12 month period (subject to specified exceptions).

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Out of the total 2,700,000 Options issued, 1,800,000 Options were issued to employees under the Company's employee option plan that was approved by Shareholders at the Company's Annual General Meeting on 11 November 2015 (a copy of which is set out in Notice of Annual General Meeting released on ASX on 9 October 2015) (**2015 Option Plan**). The remaining 900,000 Options were issued to corporate advisors for services provided to the Company.

Options issued under the 2015 Option Plan

As the Option Plan was approved by Shareholders, issues under the plan are normally exempt from the 15% restriction in Listing Rule 7.1 due to the operation of Listing Rule 7.2 Exception 9 for a period of 3 years following Shareholder approval. However, Listing Rule 7.2, Exception 9 only applies if no 'material' amendments are made to the plan.

On 17th March 2017, the Board exercised its powers under the 2015 Option Plan to amend its terms to provide for deferred tax treatment of the Options issued under the plan. The Board does not consider this amendment to be 'material' but out of an abundance of caution, the Board decided to treat the issue of the 1,800,000 Options to employees (which occurred in March and May 2017) as an issue that was not exempt from the 15% restriction in Listing Rule 7.1. Accordingly, the Company seeks from Shareholders approval for, and ratification of, the issue of 1,800,000 Options so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Options issued to Company's advisors

As noted above, out of the total 2,700,000 Options issued, 900,000 Options were issued to corporate advisors for services provided to the Company.

Under this Resolution, the Company also seeks from Shareholders approval for, and ratification of, the issue of 900,000 Options so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5

Listing Rule 7.5 requires the following specific information to be provided:

- (a) 2,700,000 Options were issued in total.
- (b) 1,800,000 Options were issued under the 2015 Option Plan to employees of the Company at a nil issue price.
- (c) 900,000 Options were issued to corporate advisors as part of the total fees for services carried out for the Company under terms of engagement between the Company and the respective advisors. The corporate advisors were Retzos Investments Pty Ltd (who was issued 200,000 Options), Eyeon Investments Pty Ltd (who was issued 200,000 Options) and Bridge Street Capital Partners (who was issued 500,000 Options).
- (d) In relation to the 1,800,000 issued under the 2015 Option Plan, 1,400,000 Options have an exercise price of \$0.068 per Option and an expiry date of 28 March 2020. 400,000 Options have an exercise price of \$0.10 per Option and an expiry date of 12 May 2020. The terms of these Options are otherwise provided for in the 2015 Option Plan.

- (e) In relation to the 900,000 Options issued to corporate advisors, 400,000 Options have an exercise price of \$0.12 per Option and an expiry date of 15 December 2018. 500,000 Options have an exercise price of \$0.12 per Option and an expiry date of 15 December 2018. The remaining terms of these Options are set out in Schedule 2.
- (f) The Company did not raise any funds through the issue of the Options.

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

A voting exclusion applies to Resolution 2 in the terms set out in the Notice.

3. **Resolution 3 – Ratification of previous issue of Tranche 1 Shares under the Company's Placement**

Introduction

Placement, Tranche 1 Shares, Tranche 2 Shares and Options

As announced on 7 July 2017, the Company received commitments to issue Shares to investors at an issue price of \$0.05 per Share plus, subject to Shareholder approval, 1 free unlisted Option with an exercise price of \$0.075 and an expiry date of 31 August 2019 for every 2 Shares issued (**Placement**). The total amount of Shares to be issued under the Placement is 16,800,000 Shares, along with 8,400,000 Options.

As set out in the 7 July 2017 announcement, the funds raised from the Placement will be used to fund the Calingiri ore sorting study, associated test work related to the study and for working capital.

The Placement contains 2 Tranches. Tranche 1 of the Placement completed on 13 July 2017 and resulted in the issue of 13,554,000 Shares under the Company's placement capacity under Listing Rules 7.1 and 7.1A to investors without disclosure under the exceptions provided in section 708 of the Corporations Act (**Exempt Investors**).

The remainder of the Shares to be issued under the Placement and the free attaching Options will be issued under Tranche 2 of the Placement to Exempt Investors as follows:

- (a) 2,666,000 Shares and 8,110,000 Options will be issued to Exempt Investors that are not Directors;
- (b) 400,000 Shares and 200,000 Options will be issued to Marcel Hilmer, a Director;
- (c) 90,000 Shares and 45,000 Options will be issued to Peter Alexander, a Director; and
- (d) 90,000 Shares and 45,000 Options will be issued to James Harris, a Director.

The issue of Shares and Options under Tranche 2 of the Placement is subject to Shareholder approval (refer to Resolutions 4, 5, 6 and 7).

Approvals required

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary shares on issue at the commencement of that 12 month period (subject to specified exceptions).

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to a further 10% of its issued ordinary share capital through placements over a 12 month period following

the entity's annual general meeting, if Shareholders have approved the placement capacity at that meeting. The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 27 October 2016 which means that the Company had this additional placement capacity available to it in relation to the issue of Shares to the Exempt Investors under the Placement.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it. The note to Listing Rule 7.4 states that issues made with approval under Listing Rule 7.1A can be ratified under Listing Rule 7.4. This means that the issue of the 13,554,000 Shares to the Exempt Investors under Tranche 1 of the Placement pursuant to Listing Rule 7.1 and Listing Rule 7.1A can be ratified by Shareholders.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issue of the 13,554,000 Shares to the Exempt Investors under Tranche 1 of the Placement pursuant to the Company's placement capacity under Listing Rule 7.1 and the Company's additional placement capacity under Listing Rule 7.1A so as to limit the restrictive effect of the Listing Rules on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided:

- (a) 13,554,000 Shares were issued – 6,779,295 under Listing Rule 7.1 capacity and 6,774,705 under Listing Rule 7.1A capacity.
- (b) The issue price was \$0.05 per Share, with an entitlement to receive, subject to Shareholder approval, 1 Option for every 2 Shares issued to the Exempt Investor under the Placement.
- (c) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (d) The Shares were issued to Exempt Investors.
- (e) The Company raised \$677,700 through the issue of the Shares (before costs).
- (f) The funds raised from the Placement will be used to fund the Calingiri ore sorting study, associated test work related to the study and for working capital.

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

A voting exclusion applies to Resolution 3 in the terms set out in the Notice.

4. Resolution 4 – Issue of Tranche 2 Shares and Options under the Company's Placement

Please refer to the Explanatory Memorandum for Resolution 3 above in relation to Tranche 2 of the Placement.

This Resolution seeks Shareholder approval for the issue of 2,666,000 Shares and 8,110,000 Options to Exempt Investors that are not Directors under Tranche 2 of the Placement.

Listing Rule 7.3 requires the following information to be provided in relation to the Shares proposed to be issued under Tranche 2 of the Placement:

- (a) Up to 2,666,000 Shares may be issued.
- (b) The Shares will be issued no later than three months after the date of the Meeting and will be issued in full, not progressively.
- (c) The Shares will be issued at a price of \$0.05 per Share.
- (d) The Shares to be issued will be fully paid ordinary shares in the capital of the Company.
- (e) The Shares will be issued to Exempt Investors that are not Directors.
- (f) The Company will raise approximately \$133,300 through the issue of the Shares (before costs).

Listing Rule 7.3 requires the following information to be provided in relation to the Options proposed to be issued under Tranche 2 of the Placement:

- (a) Up to 8,110,000 Options may be issued.
- (b) The Options will be issued no later than three months after the date of the Meeting and will be issued in full, not progressively.
- (c) The issue price for the Options is nil.
- (d) The Options have an exercise price of \$0.075 per Option and an expiry date of 31 August 2019. The remainder of the terms of the Options are set out in Schedule 3.
- (e) The Options will be issued to Exempt Investors that are not Directors.
- (f) The Company will not raise any funds through the issue of the Options.

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

A voting exclusion statement is set out in the Notice.

5. Resolutions 5, 6 and 7 – Issue of Tranche 2 Shares and Options to Directors

Please refer to the Explanatory Memorandum for Resolution 3 above in relation to Tranche 2 of the Placement.

Resolutions 5, 6 and 7 (respectively) seek Shareholder approval for the issue of 580,000 Shares and 290,000 Options under Tranche 2 of the Placement to Directors (or their nominees), being Exempt Investors as follows:

- (a) Mr Marcel Hilmer – 400,000 Shares and 200,000 Options.
- (b) Mr Peter Alexander – 90,000 Shares and 45,000 Options.
- (c) Mr James Harris – 90,000 Shares and 45,000 Options.

Approvals required

Shareholder approval is sought for the purposes of Listing Rule 10.11 for the Company to issue the above Shares and Options to Directors.

Listing Rule 10.11 provides that the Company must not issue Equity Securities to a related party unless one of a number of exceptions applies, or Shareholder approval is obtained. Further, Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue, or agree to issue, during any 12 month period any Equity Securities (or other securities with rights to conversion to equity), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Shares issued under this Resolution would fall within a specified exception because if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

One of the effects of Resolutions 5, 6 and 7 will be to allow the Company to issue the above Shares and Options without using the Company's 15% placement capacity.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in respect of the Shares and Options under Resolutions 5, 6 and 7:

Shares

- (a) The number of Shares to be issued is 580,000.
- (b) The Shares will be issued no later than 1 month after the date of the Meeting and will be issued in full, not progressively.
- (c) The Shares will be issued at a price of \$0.05 per Share.
- (d) The Shares to be issued will be fully paid ordinary shares in the capital of the Company.
- (e) 400,000 Shares will be issued to Mr Marcel Hilmer (or his nominee), 90,000 Shares will be issued to Mr James Harris (or his nominee) and 90,000 Shares will be issued to Mr Peter Alexander (or his nominee).
- (f) The Company will raise gross proceeds of \$29,000 through the issue of the Shares (before costs).

Options

- (a) The number of Options to be issued is 290,000.
- (b) The Options will be issued no later than 1 month after the date of the Meeting and will be issued in full, not progressively.
- (c) The issue price for the Options is nil.
- (d) The Options have an exercise price of \$0.075 per Option and an expiry date of 31 August 2019. The remainder of the terms of the Options are set out in Schedule 3.
- (e) 200,000 Options will be issued to Mr Marcel Hilmer (or his nominee), 45,000 Options will be issued to Mr James Harris (or his nominee) and 45,000 Options will be issued to Mr Peter Alexander (or his nominee).
- (f) The Company will not raise any funds through the issue of the Options.

Listing Rules 7.1 and 7.2 and 15% restriction

If Shareholder approval is given under Listing Rule 10.11 for either of Resolutions 5, 6 or 7 then the Listing Rules provide that Shareholder approval will not be required for the purposes of the 15% restriction in Listing Rule 7.1 for that Resolution.

Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act, the Board has determined that the issue of securities to Directors under Resolutions 5, 6 and 7 is on the same terms as those issued to Exempt Investors under the Placement and is therefore on 'arm's length terms', and has relied on the exception provided in section 210 of the Corporations Act in this regard. Accordingly, Shareholder approval is not being sought under Chapter 2E of the Corporations Act for those Resolutions.

A voting exclusion statement is set out in the Notice for each of the Resolutions.

6. Resolution 8 – Approval of Employee Option Plan

Resolution 8 seeks Shareholder approval in accordance with Listing Rule 7.2, Exception 9(b) for the approval of the issue of securities under the Caravel Minerals Limited Employee Option Plan.

For the purpose of Listing Rule 7.2 Exception 9(b), the terms of the plan are set out in Schedule 4.

Resolution 8 is an ordinary resolution.

The two main purposes of the plan are to give an incentive to the 'Eligible Executives' (as defined in Schedule 4) to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Executives for their efforts. The plan contemplates the issue to Eligible Executives of Options.

The definition of Eligible Executives under the plan includes employees and Directors.

Listing Rule 7.1 places restrictions on the number of equity securities, including options, which a listed company may issue in any 12 months. However, certain issues are exempt from this Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee option scheme where Shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information (set out below).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the plan as an exemption from Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date of the passing by Shareholders of Resolution 8.

The Company currently has in place the 2015 Option Plan that was approved by Shareholders at the Company's Annual General Meeting on 11 November 2015. The 2015 Option Plan will expire for the purposes of the exemption from Listing Rule 7.1 on 11 November 2018.

As explained in the Explanatory Memorandum to Resolution 2, the Directors made some amendments to the 2015 Option Plan to provide for deferred tax treatment of the Options issued under the 2015 Option Plan and, out of an abundance of caution, did not treat the issue of Options to employees following that amendment as being exempt from the Company's placement capacity in Listing Rule 7.1.

Accordingly, the Directors wish to propose a new employee share option plan (which is similar to the 2015 Option Plan and which provides for deferred tax treatment of the Options issued under it) (**2017 Option Plan**) to allow the Company greater flexibility to issue the Options within the exemption from Listing Rule 7.1.

All Options issued under the 2015 Option Plan will remain current until their expiry or exercise in accordance with their terms. No further issues will be made under the 2015 Option Plan.

For the purposes of Listing Rule 7.2, Exception 9(b), no Options have been issued under the 2017 Option Plan.

A voting exclusion statement is set out in the Notice for this Resolution.

7. Resolution 9 – Issue of Options under Option Plan to Executive Director and CEO – Marcel Hilmer

Subject to Resolution 8 being passed, the Company seeks to issue 1,100,000 Options to Director and CEO, Mr Marcel Hilmer (or his nominee) under the 2017 Option Plan.

The exercise price of the Options will be calculated as 1.05 times the 5 day Volume Weighted Average Price (VWAP) of the Company's shares up to and including the date of Shareholder approval. The expiry date will be 3 years from the date of Shareholder approval.

In the Company's present circumstances, the Board considers that issuing the Options to Mr Marcel Hilmer (or his nominee) is in the Company's interests as it further aligns the interests of Mr Hilmer with the interests of Shareholders and because it is a cost effective and efficient method of incentivising the continued performance of Mr Hilmer towards the strategic goals and targets of the Company.

Approvals required

Shareholder approval is sought for the purposes of Listing Rule 10.14 for the Company to issue the Options to Mr Marcel Hilmer (or his nominee) and to issue to Mr Marcel Hilmer (or his nominee) the number of Shares that Mr Marcel Hilmer is entitled to upon exercise of his Options.

Listing Rule 10.14 provides that the Company must not permit any Directors or their associates to acquire securities under an employee incentive scheme without the approval of shareholders. Further, Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue, or agree to issue, during any 12 month period any Equity Securities, if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. The Options proposed to be issued under this Resolution would fall within an exception because if approval is given under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

One of the effects of Resolution 9 will be to allow the Company to issue the Options without using the Company's 15% placement capacity.

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in respect of the issue of the Options:

- (a) The number of Options to be issued to Mr Marcel Hilmer or his nominee, is 1,100,000.
- (b) The Options will be issued for nil monetary consideration in accordance with the terms of the 2017 Option Plan.

- (c) The exercise price for each Option will be calculated as described above. The expiry date of the Options will be 3 years from the date of Shareholder approval.
- (d) There have been no issues under the 2017 Option Plan to date.
- (e) Under the Plan, Eligible Executives (as defined in Schedule 4) are entitled to participate in the Plan. Mr Marcel Hilmer is an Eligible Executive under the Plan.
- (f) No loan is being provided in relation to the issue of the Options under the Plan.
- (g) The Options will be issued as soon as practicable after the Meeting but no later than 12 months after the meeting.
- (h) A voting exclusion statement for Resolution 9 is included in the Notice.

Chapter 2E of the Corporations Act

The Board has considered the proposed issue of Options to Mr Hilmer and, taking into account the circumstances of the Company and its subsidiaries, the circumstances of the Directors and the remuneration practices of other similar entities, considers that the financial benefit provided to Mr Hilmer by way of the Options (together with the other elements of his remuneration package) constitutes reasonable remuneration. Accordingly, Shareholder approval is not being sought under Chapter 2E of the Corporations Act for this Resolution.

Schedule 1

Definitions

In this Explanatory Memorandum, Notice and Proxy Form:

"2015 Option Plan" has the meaning given in the Explanatory Memorandum for Resolution 2.

"2017 Option Plan" has the meaning given in the Explanatory Memorandum for Resolution 8.

"ASX" means ASX Limited and where the context permits the Australian Securities Exchange operated by ASX Limited.

"Board" means the board of Directors.

"Chair or Chairman" means the person appointed to chair the Meeting convened by this Notice.

"Closely Related Party" has the meaning given in section 9 of the Corporations Act.

"Company" means Caravel Minerals Limited ABN 41 120 069 089.

"Corporations Act" means the *Corporations Act 2001* (Cth).

"Director" means a director of the Company.

"Equity Securities" has the same meaning as in the Listing Rules.

"Exempt Investor" has the meaning given in the Explanatory Memorandum for Resolution 3.

"Explanatory Memorandum" means the explanatory memorandum to the Notice.

"Key Management Personnel" means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

"Listing Rules" means the Listing Rules of ASX.

"Meeting" has the meaning given in the introductory paragraph of the Notice.

"Notice" or "Notice of Meeting" means this notice of meeting.

"Option" means an unlisted option to acquire a Share.

"Placement" has the meaning given in the Explanatory Memorandum for Resolution 3.

"Proxy Form" means the proxy form attached to the Notice.

"Resolution" means a resolution contained in this Notice.

"Schedule" means a schedule to this Notice.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholder" means a shareholder of the Company.

“WST” means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and visa versa.

Schedule 2

Terms and Conditions of Options – Resolution 2

1.1 Entitlement

The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.

1.2 Exercise Price

Refer to Explanatory Memorandum for Resolution 2.

1.3 Expiry Date

Refer to Explanatory Memorandum for Resolution 2.

1.4 Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

1.5 Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

1.6 Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

1.7 Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

1.8 Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

- (a) issue the Share; and
- (b) do all such acts matters and things to obtain
 - (i) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and
 - (ii) receipt of cleared funds equal to the sum payable on the exercise of the Options.

1.9 Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of Options.

However, the Company will ensure that for the purposed of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced.

This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

1.10 Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

1.11 Adjustment for Rights Issue

If the Company makes an issue of Share pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rate issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rate issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

1.12 Adjustment for Reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

1.13 Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.

1.14 Options transferable

The Options may only be transferred with the Company's written consent, which must not be unreasonably withheld and which will generally be given if the proposed transferee is a

person that does not require disclosure due to the exceptions provided in section 708 of the Corporations Act 2001 (Cth).

1.15 Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

Schedule 3

Terms and Conditions of Options issued under Tranche 2 of the Placement – Resolutions 4, 5, 6 and 7

1.1 Entitlement

The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.

1.2 Exercise Price

A\$0.075 per Option.

1.3 Expiry Date

31 August 2019.

1.4 Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

1.5 Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

1.6 Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

1.7 Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

1.8 Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

- (a) issue the Share; and
- (b) do all such acts matters and things to obtain
 - (i) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and
 - (ii) receipt of cleared funds equal to the sum payable on the exercise of the Options.

1.9 Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of Options.

However, the Company will ensure that for the purposed of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced.

This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

1.10 Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

1.11 Adjustment for Rights Issue

If the Company makes an issue of Share pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rate issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rate issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

1.12 Adjustment for Reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

1.13 Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.

1.14 Options transferable

The Options may only be transferred with the Company's written consent, which must not be unreasonably withheld and which will generally be given if the proposed transferee is a

person that does not require disclosure due to the exceptions provided in section 708 of the *Corporations Act 2001* (Cth).

1.15 Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

Schedule 4

Terms of the Caravel Minerals Limited Employee Option Plan

(see over)

Caravel Minerals Limited

ABN 41 120 069 089

Employee Option Plan Rules

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LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION (AUSTRALIA-WIDE EXCEPT IN TASMANIA)

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Annexure A

Employee Option Plan Rules

Date

Operative part

1 Definitions and interpretation

1.1 Definitions

In these Rules, the following words and expressions have the meanings indicated unless the contrary intention appears:

ASIC means the Australian Securities and Investments Commission.

Associated Bodies Corporate means:

- (a) a body corporate that is a related body corporate of the Company;
- (b) a body corporate that has Voting Power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has Voting Power of not less than 20%.

ASX means ASX Limited ABN 98 008 624 691, or, where the context requires, the securities exchange operated by it.

Board means all or some of the Directors acting as a board or, where applicable, any relevant committee or subcommittee of Directors.

Business Days means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia.

Casual Employee means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with a member of the Group.

Certificate means the certificate issued by the Company for the Options.

Company means Caravel Minerals Limited ACN 120 069 089.

Company Secretary means a company secretary of the Company from time to time.

Contractor means:

- (a) an individual with whom a member of the Group has entered into a contract for the provision of services under which the individual performs work for that member of the Group; or
- (d) a company with whom a member of the Group has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for that member of the Group,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with the member of the Group.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Executive means an Executive nominated by the Board and whom the Board determines in its absolute discretion is to participate in the Plan and who has not given or been given a notice of termination of employment.

Employee Incentive Scheme has the meaning given in ASIC Class Order [CO 14/1000], as amended from time to time.

Executive means a person who is at the time of an Offer under the Plan:

- (a) a full or part-time employee (including an executive director);
- (b) a non-executive director;
- (c) a Contractor;
- (d) a Casual Employee; or
- (e) a Prospective Participant,

of a member of the Group.

Exercise Price means the exercise price for an Option, which is set out in the Offer Document.

Group means the Company and its Associated Bodies Corporate.

Listing Rules means the Listing Rules of the ASX.

Nominee means a nominee of an Eligible Executive that is one of the following:

- (a) an immediate family member of the Eligible Executive;
- (b) a company whose members comprise no persons other than the Eligible Executive or immediate family members of the Eligible Executive; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) where the Eligible Executive is a director of the trustee.

Notice of Exercise means a notice addressed to the Company Secretary and signed by the Participant, specifying the number of Options which are exercised, substantially in the form set out in Annexure A.

Offer has the meaning given in Rule 3.1.

Offer Document means a document that contains the Offer.

Option means an option granted pursuant to these Rules to acquire one Share upon and subject to the terms of these Rules and the terms of the relevant Offer.

Participant means an Eligible Executive who is deemed to have accepted an Offer and to whom an Option is (or is to be) issued under the Plan, or its Nominee.

Plan means the Caravel Minerals Limited Employee Option Plan established in accordance with the Rules.

Prospective Participant means a person to whom an Offer is made but who can only accept that Offer if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (a) to (d) of the definition of Executive under these Rules.

Retirement in relation to a Participant means retirement by the Participant from employment or engagement by any member of the Group.

Rules means these Employee Option Plan Rules.

Share means a fully paid ordinary share in the capital of the Company.

Total and Permanent Disablement in relation to a Participant means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

Voting Power has the meaning given in section 610 of the Corporations Act.

1.2 *Interpretation*

In these Rules, unless the contrary intention appears:

- (a) words importing the singular include the plural and vice versa;
- (b) references to the Plan, the Rules or any particular Rule means the Plan, the Rules or the relevant Rule (respectively), as amended from time to time;
- (c) references to a document, or any part of a document means the document or relevant part, as amended from time to time;
- (d) references to a statute or other law include regulations and other instruments made under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) references to the exercise of a power or discretion by a person (including a Participant) include exercised by that person's executor, administrator or legal personal representative;
- (f) references to the exercise of a power or discretion include a decision not to exercise the power or discretion;
- (g) references to a "year" mean any period of 12 months;
- (h) "including" when introducing a list of items does not exclude a reference to other items whether of the same class or genus or not; and
- (i) "Australian dollars", "dollars", "A\$" or "\$" is a reference to the lawful currency of Australia.

1.3 *Headings*

Headings are for convenience only and do not affect the interpretation of these Rules.

2 **Purpose and Commencement**

- (a) The Plan has been established as an initiative for creating a stronger link between Executive performance and reward, and for increasing shareholder value by enabling Eligible Executives to have a greater involvement with, and share in, the future growth and profitability of the Company.
- (b) The Plan will commence on the date determined by the Board.

3 Grant of Options

3.1 Eligibility

The Board may offer Options to Eligible Executives having regard to:

- (a) the seniority of the Eligible Executive and the position the Eligible Executive occupies in the Group;
- (b) each Eligible Executive's length of service with the Group;
- (c) the record of employment of the Eligible Executive with the Group;
- (d) the contribution the Eligible Executive has made to the Group;
- (e) the potential contribution of the Eligible Executive to the Group; and
- (f) any other matters which the Board considers relevant,

(Offer).

3.2 Form of Offer

Each Offer will be contained in an Offer Document which must specify:

- (a) the date of the Offer;
- (b) the maximum number of Options being offered to the Eligible Executive;
- (c) the Exercise Price;
- (d) the date the Options will expire;
- (e) any vesting conditions or performance conditions; and
- (f) any other information required by law or the Listing Rules or considered by the Board to be relevant.

3.3 No issue price

No amount is payable on the issue of Options.

3.4 Issue of Options

Options must be issued on the terms of these Rules and each Participant will be taken to have agreed to be bound by these Rules on acceptance of any offer of Options.

3.5 Tax Deferral

Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies to these Rules, the Plan and the Options issued pursuant to the Plan, subject to the requirements of that Act, so that Eligible Executives are eligible for deferral under and in accordance with that Act.

3.6 Nominee

Upon receipt of an Offer, an Eligible Executive may, by notice in writing to the Board, nominate a Nominee in whose favour the Eligible Executive wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision.

4 Option terms

4.1 Entitlement

- (a) Subject to these Rules, each Option entitles a Participant to subscribe for and be allotted one Share at the Exercise Price.
- (b) Subject to these Rules, the Company must allot Shares on exercise of Options in accordance with the Listing Rules. The Company may defer allotment for up to 15 Business Days in order to allot Shares on behalf of all Participants exercising Options at the same time. No Option may be exercised if to do so would contravene:
 - (i) the Corporations Act or the Listing Rules; or
 - (ii) the local laws or customs of a Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

4.2 Shares to rank *pari passu*

Shares issued on the exercise of Options will rank *pari passu* with all existing Shares from the date of issue and will be entitled to those dividends which have a record date for determining entitlements after the date of issue.

4.3 Exercise of Options

- (a) An Option is exercisable by the Participant lodging with the Company Secretary a properly completed Notice of Exercise, together with the relevant Certificate or, if the Certificate has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of it relying on the declaration that the Certificate has been lost, mutilated or destroyed.
- (b) The Notice of Exercise must be accompanied by a cheque made payable to the Company or by payment by an electronic payment facility for the full amount of the Exercise Price for each Share to be issued on exercise of an Option.

4.4 Conditions of exercising Options

- (a) Except as authorised or approved by the Board, Options can only be exercised in multiples of one thousand unless the Participant exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the Participant's right to exercise other Options at a later time. If the Participant exercises less than all Options represented by a Certificate then the Company will cancel the Certificate and issue a new Certificate for the balance.
- (b) Except as authorised or approved by the Board, or as allowed pursuant to the Company's securities trading policy as amended from time to time, Options may not be exercised (and Notices of Exercise must not be sent to the Company Secretary) during any period during which Executives are not permitted to trade in the Company's securities pursuant to the Company's securities trading policy as amended from time to time).
- (c) Options may only be exercised at the times and in the numbers set out in the Offer Document, provided that:

- (i) the Board may stipulate (in an Offer Document or elsewhere) that Options may only be exercised if the Company (or a business division) achieves stipulated performance benchmarks; and
- (ii) the Board may determine (at any time) that some or all Options are or will become exercisable immediately if:
 - (A) a takeover bid (as defined in the Corporations Act) is made in respect of Shares and both the bidder obtains Voting Power in the Company of 50% or more and the takeover offers are made or declared unconditional (other than for the happening of the events or circumstances set out in section 652C(l) and (2) of the Corporations Act or the condition set out in section 625(3) of the Corporations Act); or
 - (B) a transaction by way of compromise or arrangement under Part 5.1 of the Corporations Act is approved by the requisite majorities of members of the Company at a meeting convened in accordance with the order of a court under section 411(1) of the Corporations Act; or
 - (C) an event or transaction by which an entity becomes or is to become the registered holder of more than 50% of the total issued Shares is approved or accepted by a majority of members of the Company.
- (d) An Option not exercised will lapse on the first to occur of:
 - (i) the expiry date of the Option as set out in the Offer Document;
 - (ii) the expiry of 30 days, or any longer period which the Board determines, after the Participant ceases to be employed or engaged by any member of the Group for any reason, including death, Total and Permanent Disablement or Retirement; and
 - (iii) a determination of the Board that the Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or any member of the Group and that the Option is to be forfeited.
- (e) The Board may, in its sole discretion, before an Option expires, determine that an Option will not lapse under Rule 4.4(d) if the Participant has ceased to be employed by any member of the Group as a result of:
 - (i) Total and Permanent Disablement, ill health, death, economic necessity or any other factor not attributable to the conduct or performance of that person; or
 - (ii) Retirement under circumstances that are not related to the conduct or performance of that person,

in which case the Option will, subject to these Rules, remain exercisable by the Participant (or, where applicable, the Participant's executor, administrator or legal personal representative) until the date determined by the Board or until the Option otherwise lapses in accordance with these Rules.

4.5 Transfer

Options may not be transferred.

4.6 Quotation

Options will not be quoted on ASX.

4.7 Quotation of Shares

The Company will make an application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

4.8 Future issues of Shares

A Participant may only participate in new issues of securities to shareholders if the Option has been exercised, if that is permitted by its terms, and the Shares have been issued in respect of the Option before the record date for determining entitlements to the issue. If required by the Listing Rules, the Company must give notice to Participants of any new issue before the record date for determining entitlements to the issue.

4.9 Bonus issue

If the Company makes a bonus issue of Shares or other securities pro rata to shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the bonus issue then the number of securities over which the Option is exercisable will be increased by the number of securities which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

4.10 Rights issue

If the Company makes an offer of Shares pro rata to all or substantially all shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) for a subscription price which is less than the market price (defined below as P) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the rights issue then the exercise price per Share will be reduced according to the following formula:

$$O^1 = O - \frac{E(P - (S + D))}{N + 1}$$

where:

O^1 = the new exercise price of each Option;

O = the old exercise price of each Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on the ASX during the five trading days before the ex rights date or ex entitlements date;

S = the subscription price (application money plus calls) for new Shares issued under the rights issue;

D = any dividends due but not yet paid on existing Shares (except those to be issued under the rights issue); and

N = the number of Shares required to be held to receive a right to one new Share.

The number of Shares which the Participant is entitled to subscribe for on exercise of the Option will not change.

4.11 Reorganisations

In the event of any reorganisation of the capital of the Company, the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to such reorganisation at the time of the reorganisation.

4.12 Advice

The Company must give notice to each Participant of any adjustment to the number of Shares which the Participant is entitled to subscribe for or be issued on exercise of an Option or the exercise price per Share in accordance with the Listing Rules.

4.13 Dividends and rights to vote

An Option carries no right to a dividend and no right to a vote.

4.14 Hedging

Participants are prohibited from entering into (and must ensure that their closely related parties (as defined in the Corporations Act) do not enter into) an arrangement (with anyone) if the arrangement would have the effect of limiting the exposure of the Participant to risk relating to their unvested entitlements under or in relation to the Plan or any entitlement that has vested but remains subject to a holding lock.

5 Overriding restrictions on issue and exercise

Notwithstanding any Rule or the terms of any Option, no Option may be offered, issued or exercised if to do so:

- (a) would contravene the Corporations Act or the Listing Rules; or
- (b) would contravene the local laws or customs of a Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

6 Maximum number of Options

6.1 Limit

If, when making an Offer of Options under the Plan, the Company does so in reliance on ASIC Class Order [CO 14/1000], it must, at the time of making the Offer, have reasonable grounds to believe that the number of Shares that have been, or may be, issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of Shares:

- (a) Shares that may be issued under the Offer or any other Offer to be made under the Plan (to the extent offered in reliance on ASIC Class Order [CO 14/1000]);
- (b) Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:
 - (i) this Plan or any other Employee Incentive Scheme in reliance on ASIC Class Order [CO 14/1000] or its predecessors; or

- (ii) an ASIC exempt arrangement of a similar kind to an Employee Incentive Scheme.

6.2 Exclusions

Offers of Options made or Shares issued other than in reliance on ASIC Class Order [CO 14/1000] or its predecessors (such as offers received outside of Australia or under an exception in section 708 of the Corporations Act) will not be included in calculating the 5% limit in Rule 6.1.

7 Administration of the Plan

7.1 Consistency with Rules

The Plan will be administered by the Board in accordance with these Rules, the Offer Document and any other procedures determined by the Board. The Board may make regulations for the operation of the Plan which are consistent with these Rules.

7.2 Board's power and discretion

Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

7.3 Delegation

Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board to a committee consisting of such Directors as the Board thinks fit.

7.4 Board's decision final

The decision of the Board as to the interpretation, effect or application of these Rules will be final and conclusive.

7.5 Board has discretion

The Board has the discretion to terminate or suspend the operation of the Plan. As soon as reasonably practicable after termination or suspension of the Plan, the Board must give written notice to any Participant affected.

7.6 Board may approve other schemes

The Board is not restricted to using the Plan as the only method of providing incentive rewards to Executives. The Board may approve other incentive schemes.

7.7 Participation in other schemes

Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of the Company unless the terms of that incentive or scheme provide otherwise.

7.8 Board may amend Plan

Subject to Rules 7.9 and 7.10 (and to the Listing Rules and all applicable laws), the Board may at any time by written instrument amend all or any of the Rules, including this Rule 7.8. Such written instrument may specify that amendments to the Rules, including to the terms of Options, will be taken to amend the terms of existing issued but unexercised Options.

7.9 No reduction of existing rights

Any amendment to the Rules must not materially reduce the rights of any Participant in respect of their Options held at the date of the amendment, unless the amendment is introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar plans;
- (b) to correct any manifest error or mistake;
- (c) to enable a member of the Group to reduce the amount of any tax or impost that would otherwise be payable by a member of the Group in relation to the Plan;
- (d) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- (e) to enable the Plan or any member of the Group to comply with the constitution of a member of the Group, the Corporations Act or the Listing Rules.

7.10 Retrospective amendment possible

Subject to Rule 7.9, any amendment made under Rule 7.8 may be given retrospective effect as specified in the written instrument by which the amendment is made.

7.11 Instructions by members

For the purposes of the Plan, the Board, the Company and any member of the Group is entitled to regard any notice, direction or other communication given or purported to be given by or on behalf of a Participant (or an executor, administrator or legal personal representative of a Participant) as valid, whether given orally or in writing.

7.12 ASIC relief

Notwithstanding any other provision of these Rules, every covenant or other provision set out in an exemption or modification granted from time to time by ASIC in respect of Employee Incentive Schemes pursuant to its power to exempt and modify the Corporations Act and required to be included in these Rules in order for that exemption or modification to apply to the Plan, is deemed to be contained in these Rules. To the extent that any covenant or other provision deemed by this Rule to be contained in these Rules is inconsistent with any other provision in these Rules, the deemed covenant or other provision shall prevail.

7.13 Notices

Any notice given by the Company, a member of the Group or the Board in relation to the Plan is deemed to have been duly given if:

- (a) sent by electronic mail; or
- (b) delivered by hand; or
- (c) sent by ordinary prepaid mail,

and is deemed to have been served:

- (d) if sent by electronic mail or delivered by hand, at the time of delivery or sending; or

- (e) if posted, three Business Days (or, if posted to an Executive's address outside Australia, seven Business Days) after the date of posting.

Delivery, transmission and postage must be to the work address of that Executive or to any other address (including a home address) notified in writing by the Executive to the Company from time to time.

7.14 Governing law

This Plan is governed by the laws in force in Western Australia and is construed and takes effect in accordance with those laws.

8 Rights of Participants

Nothing in these Rules:

- (a) confers on any Executive the right to receive any Options;
- (b) confers on any Participant the right to continue as an Executive;
- (c) affects any rights which the Company or a subsidiary may have to terminate the employment of any Executive; or
- (d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

No person, whether an Executive or otherwise, has any claim, right or interest in respect of the Plan or any Options, whether against the Company or any other person, except under and in accordance with the Rules.

Annexure A**Caravel Minerals Limited****(ABN 41 120 069 089)**

To: The Company Secretary
Caravel Minerals Limited
Level 3, 18 Richardson Street
West Perth WA 6005

Employee Option Plan**Notice of Exercise of Options**

Capitalised terms in this notice have the meanings given to them in the Caravel Minerals Limited Employee Option Plan Rules (**Plan Rules**).

I, the Participant named below, hereby give notice of the exercise of the number of Options described below, at the Exercise Price described below, and wish to exercise the Options described below pursuant to Rule 4.4(a) and [enclose a cheque] **OR** [have arranged payment by electronic funds transfer to the Company] for an amount equal to the number of Options exercised multiplied by the relevant Exercise Price.

In exercising the above mentioned Options, I agree to become a member of the Company and acknowledge that I am bound by the terms of the Offer, the Rules, the constitution of the Company, the Company's securities trading policy and any of the Company's other policies (from time to time) regarding ownership of securities by employees and officers (to the extent applicable to me).

Participant's Name:	
Participant's Address:	
Total Exercise Price:	
Date:	

Execution**EXECUTED** as an agreement**Signed by [insert]** in the presence of:

Witness signature

Party signature

Witness full name
(BLOCK LETTERS)

Note: to be valid, a notice of exercise must be received by the Company during the period within which the relevant Option(s) are exercisable, and prior to expiry or lapse of the relevant Option(s).

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«EFT_REFERENCE_NUMBER»

+

CARAVEL MINERALS LIMITED

ACN: 120 069 089


 «Post_zone»
 «Company_code» «Sequence_number»

 «Holder_name»
 «Address_line_1»
 «Address_line_2»
 «Address_line_3»
 «Address_line_4»
 «Address_line_5»
REGISTERED OFFICE:
 LEVEL 3
 18 RICHARDSON STREET
 WEST PERTH WA 6005
SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:
 PO BOX 52
 Collins Street West VIC 8007
 Suite 913, Exchange Tower
 530 Little Collins Street
 Melbourne VIC 3000
 T: 1300 992 916 F: +61 8 9315 2233
 E: registrar@securitytransfer.com.au
 W: www.securitytransfer.com.au

Code:

CVV

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 9:30am Perth WST on Thursday 24 August 2017 at Level 3, 18 Richardson Street, West Perth, Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. Ratification of previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Issue of Tranche 2 Shares and Options to Director - Peter Alexander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of previous issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Approval of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of previous issue of Tranche 1 Shares under the Company's Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Issue of Options under Option Plan to Executive Director and CEO - Marcel Hilmer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of Tranche 2 Shares and Options under the Company's Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5. Issue of Tranche 2 Shares and Options to Executive Director and CEO - Marcel Hilmer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6. Issue of Tranche 2 Shares and Options to Director - James Harris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 9:30am Perth WST on Tuesday 22 August 2017.

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My/Our contact details in case of enquiries are:

Name:

Number:

()

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 52
Collins Street West VIC 8007

Street Address Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Telephone 1300 992 916

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

