



15 August 2018

Dear Option-holder

**NON-RENOUNCEABLE RIGHTS OFFER**

On 15 August 2018, Caravel Minerals Limited ("Company") announced that it is seeking to raise approximately \$2,010,354 by the issue of approximately 40,207,072 Shares under a partially underwritten, non-renounceable rights issue. The Company will invite Eligible Shareholders to apply for 1 new share ("New Share") for every 3 shares held at an issue price of 5 cents per New Share ("Offer").

Bridge Street Capital Partners Pty Ltd (the Broker) has been appointed as the lead manager and will underwrite the Offer up to \$1,150,000.

The funds raised under the Offer will be primarily used for;

- Further drilling – to collect new samples for metallurgical and geotechnical testwork as well as refine the geology model and target higher grade ore zones
- New resource modelling - include high grade zone and allow scheduling of higher grade
- Metallurgical test work – various tests to more accurately define flowsheet and processing costs and to produce final cleaned concentrate specs
- Engineering studies – preliminary design and layout
- Infrastructure studies – detailed studies on power, transport, shipping options
- Groundwater supply studies – testwork on potential new source of supply
- Land tenure, social and environmental studies – commencement of stakeholder engagement

The funds raised will cover the various studies, general working capital and to pay the costs of the Offer process. Commitments have also been received from drilling and engineering contractors to receive part equity in lieu of fees under a work for equity agreement which will contribute to funding for the work programme.

The new funding and planned work will enable Caravel to complete important additions to the previous feasibility work and compile a new and more comprehensive study document. It is expected that document should provide the basis for a decision to proceed with more substantive, final feasibility studies to support a final decision on development and financing of the Calingiri project.

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The timetable for the Offer is as follows:

<b>Event</b>	<b>Date</b>
Announcement of Offer and Appendix 3B;	15 August 2018
Notice under section 708AA(2)(f) of the Corporations Act is lodged	15 August 2018
Entity sends notice to security holders containing the information required by Appendix 3B.	16 August 2018
"Ex date" (date from which Shares trade without the entitlement to participate in the Offer)	17 August 2018
Record Date (date for identifying Shareholders entitled to participate in the Offer).	20 August 2018
Offer Document sent to Eligible Shareholders.	23 August 2018
Offer opens.	23 August 2018
Closing Date (last day for lodgement of Entitlement Forms and Application Money).	6 September 2018
New Shares trade on a deferred settlement basis.	7 September 2018
Announcement of the Shortfall (if any).	11 September 2018
New Shares issued and deferred settlement trading ends.	13 September 2018
New Shares commence normal trading on ASX.	14 September 2018

These dates may be changed without notice as allowed by the ASX Listing Rules and the Corporations Act.

The Offer will be made to the Company's shareholders with a registered address in Australia or New Zealand on the Record Date ("Eligible Shareholders").

Assuming that no Options are exercised before the Record Date, the effect of the Offer on the capital structure of the Company is set out the table below.

<b>Shares</b>	<b>Minimum subscription</b>	<b>Full subscription</b>
Existing Shares	120,621,214	120,621,214
New Shares to be issued under the Offer	23,000,000	40,207,072
<b>Total Shares on issue after completion of the Offer</b>	<b>143,621,214</b>	<b>160,828,286</b>
<b>Options</b>		
Unquoted (exercise price \$0.12 and expiry date 15 Dec 2018)	9,702,809	9,702,809
Unquoted (exercise price \$0.075 and expiry date 31 Aug 2019)	8,900,000	8,900,000
Unquoted (exercise price \$0.068 and expiry date 28 Mar 2020)	1,400,000	1,400,000
Unquoted (exercise price \$0.10 and expiry date 12 May 2020)	400,000	400,000
Unquoted (exercise price \$0.07 and expiry date 23 Aug 2020)	15,710,413	15,710,413
<b>Total existing Options</b>	<b>36,113,222</b>	<b>36,113,222</b>

Shareholders may view all the Company's ASX announcements, including those relating to the Offer, on the ASX's website at [www.asx.com.au](http://www.asx.com.au) or alternatively on the Company's website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au).

It is anticipated that the Offer Document will be mailed to Eligible Shareholders on 23 August 2018 and will be available on the ASX and Company's website on this day.

Application will be made to ASX for official quotation of the New Shares. No shareholder approval is required to the Offer.

### **Optionholders**

Optionholders are not entitled to participate in the Offer. If you wish to participate in the Offer you need to exercise your options in accordance with the terms and conditions of the options to ensure the exercise of the options and the issue of the shares is completed by the Record Date of 20 August 2018.

If you have any questions please do not hesitate to contact the Company.

**Daniel Davis**

**Company Secretary**