

16 August 2018

Dear Shareholder,

**NON-RENOUCEABLE 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; and
- 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.

The timetable for the Offer is as follows:

| Event  | Date              |
|--|-------------------|
| 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  | 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 of 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.

#### **Overseas shareholders**

The offer is only made to Eligible Shareholders (shareholders with a registered address in Australia or New Zealand at the Record Date). Therefore, if you are a shareholder with a registered address other than Australia or New Zealand, no offer will be made to you. In making this decision, the directors have taken into account the small number of overseas shareholders and the costs and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

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

Yours faithfully,



Daniel Davis  
Company Secretary