

**CARAVEL MINERALS LIMITED**  
**ACN 120 069 089**

**OFFER DOCUMENT**  
**RIGHTS ISSUE**

**Non-renounceable pro rata rights issue of 1 New Share for every 3 Shares held at an issue price of 5 cents per New Share to raise approximately \$2,010,354.**

**Partly underwritten up to \$1,150,000  
by Bridge Street Capital Partners**

**Offer closes at 5.00pm WST on 6 September 2018**

**Lead Manager and Underwriter**



**BRIDGE STREET**  
CAPITAL PARTNERS

**This Offer Document is not a prospectus.** It does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, the New Shares.

You should read the entire document before deciding whether to accept the offer of New Shares. If you have any questions about the Offer or the action you should take, you should speak to your professional adviser.

## **IMPORTANT NOTICE**

This Offer Document has been prepared by Caravel Minerals Limited and is issued pursuant to the requirements of section 708AA of the Corporations Act, as modified, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document is dated 23 August 2018 and was lodged with ASX on this date.

This document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It does not contain all the information that an investor would find in a prospectus or which may be required by an investor to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

### **Information about the Company**

The Company is listed on ASX, and our Shares are granted official quotation by ASX. In preparing this Offer Document, we have had regard to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. Information about the Company is publicly available and can be obtained from ASIC and ASX. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company. You should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to subscribe for New Shares.

### **Not investment or financial product advice**

The information in this document is not investment or financial product advice, does not purport to contain all the information that you require in evaluating a possible acquisition of New Shares in the Company and has been prepared without considering the investment objectives, financial situation, tax position and needs of you or any particular investor.

Before deciding whether to apply for New Shares, you should conduct your own independent review, investigation and analysis of the Company and New Shares considering your personal circumstances (including financial and taxation issues). You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

### **Overseas shareholders**

The Company has reviewed the register of Shareholders of the Company and has determined that this document will only be sent to Shareholders with a registered address in Australia or New Zealand on the Record Date. This document may not be distributed and does not constitute an offer in any other jurisdiction unless otherwise determined by the Company.

### **Disclaimer of representatives**

No person is authorised to give any information or to make any representation, in connection with the Offer that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Offer.

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on the investment made pursuant to this Offer Document.

### **Financial data**

All dollar values are in Australian dollars (\$).

### **Defined terms**

Terms used in this Offer Document are defined in the Glossary. The words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Wayne Trumble (Non-Executive Chairman)  
Mr Alex Sundich (Non-Executive Director)  
Mr Alasdair Cooke (Executive Director)

### **COMPANY SECRETARY**

Mr Daniel Davis

### **REGISTERED OFFICE**

Suite 1, 245 Churchill Avenue  
Subiaco WA 6008

Tel: +61 8 9426 6400  
Fax: +61 8 9426 6448

Email: [mail@caravelminerals.com.au](mailto:mail@caravelminerals.com.au)  
Website: [www.caravelminerals.com.au](http://www.caravelminerals.com.au)

### **BROKER - (UNDERWRITER AND LEAD MANAGER)**

Bridge Street Capital Partners Pty Ltd  
CAR AFSL 456663  
Level 14, 234 George Street  
Sydney NSW 2000

### **SOLICITORS**

Fairweather Corporate Lawyers  
595 Stirling Highway  
Cottesloe WA 6011

### **SHARE REGISTRY\***

Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Tel: 1300 992 916  
Fax: +61 8 9315 2233

\* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of this Offer Document.

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## 1. KEY INFORMATION

| SUMMARY OF OFFER                               |   |
|--|---|
| <b>Offer</b>                                   | 1 New Share for every 3 Shares held on the Record Date.<br>See Section 3.1.   |
| <b>Issue Price</b>                             | 5 cents per New Share.<br>See Section 3.1.  |
| <b>Number of New Shares to be issued</b>       | Up to 40,207,072 New Shares (assuming no Options are exercised before the Record Date).<br>See Section 3.3.   |
| <b>Funds raised</b>                            | Up to \$2,010,354 (assuming no Options are exercised before the Record Date).<br><br>The actual amount of funds that will be raised is not known as it depends on number of New Shares applied for by Eligible Shareholders and the placement of the Shortfall (if any).<br>See Section 3.1.  |
| <b>Partly underwritten</b>                     | Bridge Street Capital Partners Pty Ltd (the Broker) has been appointed as the underwriter and lead manager to the Offer.<br><br>The Broker has agreed to underwrite the Shortfall up to the amount of \$1,150,000 on usual commercial terms. The Broker is an entity controlled by Alex Sundich, a director of the Company.<br><br>The Company will pay the Broker a fixed fee of \$17,000 together with an underwriting fee of 6% of the Underwritten Amount (\$69,000) being a total of \$86,000 plus GST for its services as the underwriter and lead manager.<br><br>The Broker has appointed sub-underwriters. None are related parties.<br>See Section 3.8. |
| <b>Minimum subscription</b>                    | The minimum subscription is \$1,150,000. This is equal to the amount underwritten by the Broker.  |
| <b>Use of funds</b>                            | The funds raised are intended to be used: <ul style="list-style-type: none"><li>• for drilling, metallurgical test work, groundwater supply studies and test work for sorting/upgrade processes at the Calingiri copper project in WA;</li><li>• to advance land tenure, social and environmental studies</li><li>• to update a scoping study;</li><li>• for general working capital; and</li><li>• to pay the costs of the Offer (including the Broker's underwriting and lead manager fee).</li></ul> See Section 3.2.  |
| <b>Entitlement to participate in the Offer</b> | The Offer is made to Eligible Shareholders only.<br><br>An Eligible Shareholder is a Shareholder with a registered address in Australia or New Zealand at the Record Date.  |

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**SUMMARY OF OFFER**

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Holders of Options may participate in the Offer if they exercise their Options before the Record Date. See Section 3.4.

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**Shortfall**

The Shortfall is the number of New Shares that are not applied for by Eligible Shareholders under the Offer.

The Shortfall will be placed at the discretion of the Directors in consultation with the Broker. The Directors intend to allocate Shortfall on a priority basis:

First – to Eligible Shareholders who are not related parties and who have applied for Shortfall Shares (so long as they have subscribed for their full Entitlement).

Second – to persons nominated by the Broker (including sub-underwriters) who are not related parties.

Third – to the Broker up to the Underwritten Amount of \$1,150,000 in accordance with the Underwriting Agreement.

The Directors reserve the right to place any further remaining Shortfall (if any) in consultation with the Broker within 3 months of the Closing Date. The Broker has been appointed as the lead manager to place the remaining Shortfall (if any).

See Section 3.9.

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**Risks**

The Offer should be considered highly speculative. Before deciding to apply under the Offer, you should consider the risk factors set out in this Offer Document and all other relevant material including our public announcements and reports. Some of the specific risks relevant to an investment in the Company are going concern risk, future capital needs and additional funding risk, regulatory risk, exploration risk, copper price volatility and development and mining risk.

See Section 5.

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**The potential effect of the Offer on control of the Company**

The potential effect of the Offer on control of the Company and the consequences of that effect will depend on the level of participation by Eligible Shareholders. However, given the structure of the Offer as a pro-rata issue, the Offer is not expected to have a material effect or consequence on control of the Company.

If all Eligible Shareholders participate and take up their full Entitlement, then Shareholders will hold same percentage interest in the Company on completion of the Offer (subject only to changes resulting from Excluded Shareholders being unable to participate in the Offer).

If there is a Shortfall, then the voting power of Eligible Shareholders who do not participate or take up their full Entitlement will be diluted. However, the Offer is structured so that no person (including the Broker) can increase their voting power above 20% by reason of the Offer.

While no person can increase their voting power above 20% by reason of the Offer, the Broker, a director of the Company (Mr Alex Sundich) and two sub-underwriters could become substantial shareholders of the Company:

- The voting power of Mr Sundich could increase from 0.5%
-

## SUMMARY OF OFFER

to an estimated potential maximum of 16.55% on completion of the Offer. This scenario would only occur if Mr Sundich takes up his full Entitlement, no other Eligible Shareholder take up their rights, none of the sub-underwriters take up their sub-underwriting commitments and the Broker is required to subscribe for the full Underwritten Amount of \$1,150,000.

- The voting power of the Broker, could increase from 0% to an estimated potential maximum of 16.55% on completion of the Offer (assuming the same scenario in the bullet point above). This includes the voting power of Mr Sundich, who is an Associate of the Broker.
- The voting power of Eyeon Investments Pty Ltd (an unrelated sub-underwriter appointed by the Broker) could increase from 4.07% to an estimated potential maximum of 6.65% on completion of the Offer, if it takes up its full Entitlement and its sub-underwriting commitment.
- The voting power of Glenvar Nominees Pty Ltd ATF The Glenvar Pastoral Superannuation Fund (an unrelated sub-underwriter appointed by the Broker) could increase from 0% to an estimated potential maximum of 6.83% on completion of the Offer, if it takes up its full sub-underwriting commitment.

See Section 4.1.

## 2. TIMETABLE

| <b>Event</b>  | <b>Date</b>       |
|---|-------------------|
| Announcement of Offer   | 15 August 2018    |
| Notice under section 708AA(2)(f) of the Corporations Act is lodged                              | 15 August 2018    |
| Entity sends notice to option holders   | 15 August 2018    |
| Entity sends notice to security holders   | 16 August 2018    |
| "Ex date"<br>(date from which Shares trade without the entitlement to participate in the Offer) | 17 August 2018    |
| Record Date<br>(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<br>(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 |

This timetable is indicative only and may change. The Directors reserve the right, subject to the Listing Rules and the Corporations Act, to amend the timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without notice.



### 3. DETAILS OF THE OFFER

#### 3.1 The Offer

Eligible Shareholders are invited to participate in a non-renounceable pro rata rights issue to raise approximately \$2,010,354 (before costs). The Offer will be made on the basis of 1 New Share for every 3 Shares (1:3) held on the Record Date (5.00pm WST on 20 August 2018), at an issue price of 5 cents per New Share. Fractional entitlements will be rounded up to the nearest whole number.

At the date of this Offer Document the Company has 120,621,214 Shares and 36,113,222 Options on issue. Based on the capital structure of the Company at the date of this Offer Document (and assuming that no Options are exercised before the Record Date) a maximum of 40,207,072 New Shares will be issued under the Offer. If any of the Options are exercised before the Record Date, then the number of New Shares issued under the Offer will increase.

The New Shares will rank equally with the Shares on issue at the date of this Offer Document.

#### 3.2 Purpose of the Offer and use of funds

The purpose of the Offer is to raise funds up to \$2,010,354 (before costs).

The table below sets out how the Company intends to use the funds raised from the Offer.

| Use of funds <sup>2</sup>  | Minimum subscription | Full Subscription <sup>1</sup> |
|--|----------------------|--------------------------------|
| Drilling at the Calingiri copper project to confirm high-grade zones and update resource/geotechnical studies <sup>3</sup> | \$150,000            | \$600,000                      |
| Metallurgical test work to develop flow sheet and produce final concentrate specs for marketing                            | \$150,000            | \$250,000                      |
| Infrastructure studies - groundwater supply, power and transport   | \$100,000            | \$150,000                      |
| Preliminary engineering and design <sup>4</sup>  | \$200,000            | \$300,000                      |
| Land tenure, social and environmental issues   | \$150,000            | \$150,000                      |
| Updated scoping study  | \$0                  | \$100,000                      |
| General working capital  | \$291,000            | \$330,147                      |
| Costs of the Offer   | \$109,000            | \$130,207                      |
| <b>Total</b>   | <b>\$1,150,000</b>   | <b>\$2,010,354</b>             |

1. Full Subscription is where all New Shares under the Offer are issued and assumes that none of the Options are exercised before the Record Date. If any Options are exercised before the Record Date and the Company raises more than the Full Subscription of \$2,010,354, then the additional funds will be allocated to general working capital.
2. If the amount of funds raised are more than the minimum subscription (\$1,150,000) but less than full subscription (\$2,010,354), the Company intends to allocate the additional funds to the items listed in the Use of Funds table on a pro rata basis.

3. The Company has engaged a drilling contractor to provide drilling services at the Calingiri copper project up to the value of \$1,100,000. The Company has agreed to pay the contractor for these services by cash and the issue of Shares (subject to any necessary shareholder approval on a 1:1 basis and subject to Shares issued up to a maximum of value of \$500,000). This arrangement will allow the Company to undertake a drilling program at the Calingiri copper project to the value of \$300,000 at minimum subscription (by payment of \$150,000 cash and \$150,000 issue of Shares) and \$1,100,000 at full subscription (by payment of \$600,000 cash and \$500,000 issue of Shares). Information about the number of Shares that will be issued to the drilling contractor is set out in section 3.3 (Capital Structure).
4. The Company has engaged an engineering contractor to provide engineering and design services up to the value of \$550,000. The Company has agreed to pay the contractor for these services by cash and the issue of Shares up to the value of \$250,000 (subject to any necessary Shareholder approval). This arrangement will allow the Company to undertake preliminary engineering and design work to the value of \$450,000 at minimum subscription (\$200,000 cash and \$250,000 issue of Shares) and \$550,000 at full subscription (\$300,000 cash and \$250,000 issue of Shares). Information about the number of Shares that will be issued to the engineering contractor is set out in section 3.3 (Capital Structure).
5. General working capital includes corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax, audit and corporate advisory fees, insurance and travel costs.
6. Costs of the Offer include the Broker fee for its services as underwriter and lead manager (total of \$86,000), legal, share registry, printing and ASX expenses.
7. This table is a statement of how the Company intends to use the funds raised from the Offer as at the date of this Offer Document. As with any budget, intervening events (including exploration success and failure) and new circumstances have the potential to affect how the funds are used. The Board reserves the right to change the allocation of the available funds.

### 3.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company is set out the table below.

| Shares   | Minimum subscription | Full Subscription  |
|--|----------------------|--------------------|
| Existing Shares  | 120,621,214          | 120,621,214        |
| New Shares to be issued under the Offer <sup>1</sup>                   | 23,000,000           | 40,207,072         |
| <b>Total Shares on issue after completion of the Offer<sup>2</sup></b> | <b>143,621,214</b>   | <b>160,828,286</b> |
| <b>Options</b>   |                      |                    |
| Existing Options <sup>3</sup> :  |                      |                    |
| Unquoted (exercise price \$0.12 and expiry date 15 December 2018)      | 9,702,809            | 9,702,809          |
| Unquoted (exercise price \$0.075 and expiry date 31 August 2019)       | 8,900,000            | 8,900,000          |
| Unquoted (exercise price \$0.068 and expiry date 28 March 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 August 2019) | 15,710,413        | 15,710,413        |
| Total existing Options  | 36,113,222        | 36,113,222        |
| New Options to be issued under the Offer                        | 0                 | 0                 |
| <b>Total Options on issue after completion of the Offer</b>     | <b>36,113,222</b> | <b>36,113,222</b> |

1. This table assumes that that none of the Options are exercised before the Record Date.
2. The Company has agreed to issue up to a total of 15 million Shares at a deemed issue price of 5 cents to a drilling contractor (10 million Shares for deemed value of \$500,000) and engineering contractor (5 million Shares for a deemed value of \$250,000) in consideration for drilling and engineering services to be provided to the Company. The Shares will be issued when the relevant services are provided subject to any necessary Shareholder approval.

### 3.4 Eligible Shareholders

The Offer is available to all Shareholders whose registered address on the Record Date is situated in Australia or New Zealand. As a non-renounceable offer, Eligible Shareholders may not sell or otherwise dispose of their rights to apply for New Shares under the Offer.

The holders of Options are not eligible to participate in the Offer unless they exercise their Options before the Record Date.

### 3.5 Entitlements

Only Eligible Shareholders may apply for New Shares under the Offer. The Entitlement to participate will be determined on the Record Date. Fractional Entitlements will be rounded up to the nearest whole number.

Eligible Shareholders will be sent a copy of this Offer Document together with a personalised Entitlement Form. The Entitlement Form will state the number of New Shares that you may apply for under the Offer.

Eligible Shareholders are encouraged to apply for New Shares as early as possible. To apply for the New Shares under the Offer, you must complete your Entitlement Form and lodge it together with payment for the New Shares by no later than the Closing Date (5pm WST on 6 September 2018). Please see Section 6 of this Offer Document for further information regarding the acceptance of the Offer.

The Offer will lapse if you do not accept your Entitlement by the Closing Date.

### 3.6 Closing Date

Applications will be accepted from the Opening Date until 5pm WST on 6 September 2018 or such other date as the Directors may determine, subject to the requirements of the Corporations Act and the Listing Rules.

### 3.7 Minimum Subscription

The minimum subscription is \$1,150,000. This is equal to the Underwritten Amount. No New Shares will be issued until the minimum subscription is reached.

### 3.8 **Partly underwritten**

The Shortfall is partly underwritten up to \$1,150,000.

The Company has appointed the Broker under the Underwriting Agreement to underwrite the Shortfall up to the Underwritten Amount of \$1,150,000. The Broker is an entity that is controlled by Alex Sundich, a director of the Company and so, is a related party of the Company.

Under the Underwriting Agreement the Broker is obliged to subscribe for the Shortfall (up to the Underwritten Amount of \$1,150,000) within 1 business day of receiving notice from the Company as to the number of Shortfall Shares. The maximum number of securities that the Broker is required to subscribe for under the Shortfall is 23,000,000 New Shares.

The Company is required to reimburse the Broker for all reasonable out-of-pocket expenses.

The Company is required to make the Offer in accordance with all relevant regulatory requirements and the Company has given various representations and warranties to the Broker, which are customary for an agreement of this kind.

The Broker has discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of the Shortfall. The termination events are customary for an agreement of this kind. The more significant termination events include either the ASX All Ordinaries Index or the ASX Small Ordinaries Index falling to a level on any two consecutive business days before the issue of New Shares that is 90% or less of the level of the particular index at the close of trading at the date of the Underwriting Agreement and where a material adverse change occurs in respect of the Company or its assets.

The Company will pay the Broker a fixed fee of \$17,000 plus an underwriting fee of 6% of the Underwritten Amount (being \$69,000) being \$86,000 in total plus GST for its services as lead manager and underwriter.

The Broker has appointed sub-underwriters to sub-underwrite the Underwriting Agreement. None of these sub-underwriters are related parties. The Broker may pay a fee to sub-underwriters in its sole discretion.

### 3.9 **Lead Manager**

The Company has appointed the Broker to be the lead manager to place any remaining Shortfall after the issue of New Shares under the Offer. The Broker will be paid a fee for its services as lead manager and underwriter (see Section 3.8).

### 3.10 **Shortfall**

New Shares that are not applied for by Eligible Shareholders under the Offer will form the Shortfall. Eligible Shareholders may apply for Shortfall Shares by completing the relevant Shortfall section in the Entitlement Form. The issue price for the Shortfall Shares is 5 cents (being the same price as the New Shares under the Offer). There is no guarantee that an application for Shortfall will be successful and that Shortfall Shares will be allocated to Eligible Shareholders. All application moneys for Shortfall Shares that are not allocated will be returned without interest.

The Company will allocate any Shortfall in accordance with the following priorities:

- (a) First priority will be given to Eligible Shareholders who are not related parties and who have subscribed for their full Entitlement.
  - Shortfall will only be allocated to Eligible Shareholders so long as their voting power in the Company does not exceed 20%. It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall.

- The Company may scale back applications if the number of Shortfall Shares applied for exceeds the Shortfall. In this circumstance the Directors, intend to allocate Shortfall on a proportionate basis relative to shareholdings at the Record Date.
  - Related parties may not apply for the Shortfall without shareholder approval.
- (b) Second priority will be given to unrelated parties (including sub-underwriters) who are nominated by the Broker.
- (c) Third priority will be to the Broker in accordance with the Underwriting Agreement (up to the Underwritten Amount of \$1,150,000).

If there is any Shortfall remaining after this allocation process has been completed, the Directors reserve the right to place the remaining Shortfall to any unrelated party within 3 months of the Closing Date. The Broker has been appointed as Lead Manager to place this remaining Shortfall and will be paid a fee for any Shortfall Shares that are placed (see Section 3.9). Any remaining Shortfall will be placed at the discretion of the Directors in consultation with the Broker.

### 3.11 Continuous Disclosure Obligations

The Company is a "*disclosing entity*" (as defined in Section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website [www.caravelminerals.com.au](http://www.caravelminerals.com.au) or the ASX [www.asx.com.au](http://www.asx.com.au).

## 4. POTENTIAL EFFECT ON CONTROL AND DIRECTORS' INTERESTS

### 4.1 Effect on control of the Company

The potential effect of the Offer on control of the Company and the consequences of that effect will depend on the level of participation by Eligible Shareholders. The Offer is not expected to have a material effect or consequence on control of the Company taking into account the following factors:

- (a) The Offer is structured as a pro-rata offer. If all Eligible Shareholders participate and take up their full Entitlement, then the Offer will have no effect on the control of the Company. Shareholders will hold same percentage interest in the Company (subject only to changes resulting from Excluded Shareholders being unable to participate in the Offer).
- (b) If there is a Shortfall, then the voting power of Eligible Shareholders who do not participate or take up their full Entitlement will be diluted. However, neither the Broker, any sub-underwriters or any Shareholder can increase their voting power to more than 20% by reason of the Offer. While no person can increase their voting power above 20% by reason of the Offer, the Broker, a director of the Company (Mr Alex Sundich) and two sub-underwriters could become substantial shareholders of the Company:
  - Shortfall Shares will only be allocated to an Eligible Shareholder so long as their voting power in the Company does not exceed 20% (See Section 3.10).
  - At the date of this Offer Document, the Broker does not hold any Shares in the Company. However, it may become a substantial shareholder in the Company on completion of the Offer if it is required to subscribe for Shortfall Shares up to the Underwritten Amount.
  - The Broker is an entity that is controlled by Mr Alex Sundich (a director of the Company). As a consequence, the voting power of the Mr Sundich includes both the Shares that he holds in the Company and any Shares that are held by the Broker. At the date of this Offer Document, the Mr Sundich holds a relevant interest in 0.50% Shares in the Company. However, he may become a substantial shareholder in the Company on completion of the Offer if the Broker is required to subscribe for Shortfall Shares up to the Underwritten Amount.
  - The voting power of Mr Alex Sundich could increase from 0.5% to an estimated potential maximum of 16.55% on completion of the Offer. This scenario would only occur if Mr Sundich takes up all his full Entitlement under the Offer, no other Eligible Shareholder take up their rights, none of the sub-underwriters take up their sub-underwriting commitments and the Broker is required to subscribe for the full Underwritten Amount (\$1,150,000). If this were to occur, it is estimated that Mr Sundich would have a 0.56% interest in the Company and the Broker would have a 15.99% interest in the Company on completion of the Offer. Taken together the voting power of Mr Sundich would be 16.55%.
  - The voting power of the Broker could increase from 0% to an estimated potential maximum of 16.55% on completion of the Offer (assuming the same scenario in the bullet point above). Mr Sundich is an associate of the Broker and as such the voting power of the Broker also includes the Shares held by Mr Sundich.
  - The Broker has appointed a number of sub-underwriters to sub-underwrite the Underwritten Amount. None of these sub-underwriters are related parties. Two of the sub-underwriters – Eyeon Investments Pty Ltd and Glenvar Nominees Pty Ltd ATF The Glenvar Pastoral Superannuation Fund - could become substantial shareholders on completion of the Offer if they are required to take up their sub-underwriting commitments of the Broker. The voting power of Eyeon Investments Pty Ltd could increase from 4.07% to an estimated potential maximum of 6.65% on completion of the Offer (assuming minimum subscription). The voting power of Glenvar Nominees Pty Ltd ATF The Glenvar Pastoral Superannuation Fund could increase from 0% to an estimated potential maximum of 6.83% on completion of the Offer (assuming minimum subscription).

## 4.2 Directors' interests

The relevant interest of each of the Directors in the Shares of the Company as at the Record Date together with their respective Entitlement is set out in the table below.

| Director  | Shares                | Entitlement Shares |
|---|-----------------------|--------------------|
| Wayne Trumble<br>(Non-Executive Chairman)             | 0                     | 0                  |
| Alex Sundich <sup>2</sup><br>(Non-Executive Director) | 600,001<br>(0.50%)    | 200,000            |
| Alasdair Cooke <sup>3</sup><br>(Executive Director)   | 10,640,992<br>(8.82%) | 3,546,997          |

Notes:

1. Alasdair Cooke and Alex Sundich have advised the Company that they intend to take up their full Entitlement under the Offer.
2. An entity associated with Alex Sundich also holds the following Options – 50,000 Options (exercise price \$0.12 expiring 15 December 2018) and 109,507 Options (exercise price \$0.07 expiring 23 August 2020). Mr Sundich has advised the Company that he does not intend to exercise any of these Options before the Record Date.
3. Alasdair Cooke and entities associated with him also hold the following Options – 2.9 million Options (exercise price \$0.075 expiring 31 August 2019) and 1,657,408 Options (exercise price \$0.07 expiring 23 August 2020). Mr Cooke has advised the Company that he does not intend to exercise any of these Options before the Record Date

## 5. RISK FACTORS

### 5.1 Introduction

An investment in the Company should be considered speculative. There are risk factors that may have a material impact on the Company's future operating and financial performance. Appropriate systems, safeguards and strategies have been implemented by the Company for identified risks however there are other risks that are beyond the control of the Company. The key material risks are described below.

You should carefully consider the risks described below, the information contained in other sections of this Offer Document and all other relevant material including our public announcements and reports.

The Company is exposed to specific risks due to its involvement in the resources industry. The Company is also exposed to risks of a general economic nature.

### 5.2 Specific risks

#### Going concern risk

The Company's audited financial report for the half-year ended 31 December 2017 includes a note to the financial statements on the condition of the Company and the existence of a material uncertainty that may cast doubt about the ability of the Company to continue as a going concern. The report notes that: "*The ability of the Group to continue as a going concern is principally dependent upon its ability to secure funds by raising capital from equity markets or by other means, and by managing cash flows in line with available funds, and/or the successful development of its exploration assets.*" The Directors are confident of the ability of the Company to raise capital as and when required and are satisfied there are sufficient funds to meet the Company's short term working capital requirements. Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

#### Future capital needs and additional funding

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Offer Document and the Company's announcements to ASX. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of its projects (existing and future), stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may be required to scale back its exploration programmes.

#### Regulatory risks

The Company's exploration activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Company may not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities.



In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more tenements.

### **Exploration projects**

The Company's mineral tenements are at various stages of exploration. Mineral exploration and development is a high-risk undertaking. There can be no assurance that exploration of the Company's tenements or any other tenements that may be acquired in the future, will result in the discovery of economic ore deposits outside of the already known Calingiri copper project and there is no guarantee that any discoveries will be commercially viable.

The Company's future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, water requirements, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the Company's control.

The Company's success will also depend on the Company having access to sufficient capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful, this could lead to a diminution in the value of the Company's tenements, a reduction in the known resources of the Company and possible relinquishment of tenements.

The Company's exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

### **Copper price volatility**

If the Company achieves success leading to copper production, the Company's financial performance will be sensitive to the spot copper price. Copper prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand for copper, forward selling activity, costs of production by other copper producers and other matters such as inflationary expectations, interest rates, currency exchange rates as well as general global economic conditions and political trends.

### **Development and mining**

The possible future development of the Company's copper project is dependent on, and may be affected by, a number of factors including, but not limited to, failure to acquire and/or delineate economically recoverable resources bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risks from third parties providing essential services.

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected geological formations or hydrogeological conditions including flooding. In addition, the Company's ability to achieve production targets, receive goods and services and export concentrate products may be restricted by access to power networks, roads, rail and ports.

### **Impact of inflation on costs**

Higher than expected inflation rates generally, or specific to the mining industry in particular, could be expected to increase operating and development costs and potentially reduce the value of future project developments.

### **Title risk**

The Company's exploration activities are dependent on the maintenance (including renewal) of the tenements in which the Company has or acquires an interest. Maintenance of the Company's tenements is dependent on, among other things, the Company's ability to meet the licence conditions imposed by relevant authorities including compliance with the Company's work program requirements which, in turn, is dependent on the Company being sufficiently funded to meet those expenditure requirements. Although the Company has no reason to believe that the tenements in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will be imposed by the relevant granting authority.

### **Mineral resource estimations**

The mineral resource estimates for the Calingiri copper project are estimates only and no assurances can be given that any particular levels of recovery of copper will in fact be realised. Mineral resource estimates are expressions of judgment based on knowledge, experience and resource modelling. Mineral resource estimates are inherently imprecise and rely to some extent on interpretations made. They are also influenced by the recoverability of the value component from the defined resource.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

## **5.3 General investment risks**

### **Securities investments and share market conditions**

There are risks associated with any securities investment. The trading prices of securities trade fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

### **Economic risk**

Changes in the general local and global economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates and the rate of inflation.

### **Legislative**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in Australia may adversely affect the financial performance of the Company.

## 6. ACTION REQUIRED BY SHAREHOLDERS

### 6.1 Acceptance of Offer

The number of New Shares to which you are entitled is shown on the Entitlement Form accompanying this Offer Document. If you are an Eligible Shareholder, you may:

- Take up your Entitlement in full or in part; or
- Allow your Entitlement to lapse.

Acceptance of the Offer must not exceed the Entitlement as shown on the Entitlement Form. However, you may apply for Shortfall Shares if you take up your full Entitlement. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement Form. Fractional Entitlements will be rounded up.

### 6.2 Taking up your Entitlement in full or in part

If you wish to accept your Entitlement in full or in part either:

- Complete the Entitlement Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Company's share registry (see Section 6.5 below). It must be received by no later than the Closing Date (5pm WST on 6 September 2018).

OR

- Make a payment of 5 cents for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement Form by no later than the Closing Date (5pm WST on 6 September 2018).

If you take up your Entitlement in full, you may apply for further New Shares as part of the Shortfall in accordance the instructions on the Entitlement Form.

### 6.3 Allowing your Entitlement to lapse

If you do not wish to take up any of your Entitlement under the Offer, then you do not need to take any action. If you do nothing, then your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted. See Section 4.1.

### 6.4 Payment for New Shares

The issue price of 5 cents per New Share is payable in full on application.

All payments are to be made in Australian currency by cheque or by BPAY.

Cheques should be drawn on an Australian branch of a financial institution, made payable to "*Caravel Minerals Limited*" and crossed "*Not Negotiable*".

BPAY payments should be made in accordance with the instructions on the Entitlement Form using the BPAY Biller Code and Customer Reference Number shown on the form. You are not required to return the Entitlement Form if you use BPAY to pay the Application Money. You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment. You should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by the Closing Date. The Customer Reference Number is used to identify your holding. If you have multiple holdings you will receive multiple Customer

Reference Numbers. You must use the Customer Reference Number shown on each Entitlement Form to pay for each holding separately. If you pay by BPAY and do not pay your full Entitlement, your remaining Entitlement will lapse. Your completed BPAY acceptance, once paid, cannot be withdrawn. We do not accept any responsibility for incorrectly completed BPAY payments.

#### 6.5 **Address details and enquiries**

Completed Entitlement Forms and cheques for the Application Money (if not paying by BPAY) should be mailed to the postal address or delivered by hand to the delivery address set out below by no later than the Closing Date (5pm WST on 6 September 2018):

**Postal address:**

Caravel Minerals Limited  
c/- Security Transfer Australia Pty Ltd  
PO Box 52  
Collins Street West VIC 8007

**Delivery address:**

Caravel Minerals Limited  
c/- Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross WA 6153

You should ensure that your Entitlement Form (and Application Money) is sent early to ensure that they arrive at the postal or delivery address specified above by the Closing Date. If we receive your Entitlement Form after the Closing Date, the Directors may, at their discretion, accept or reject your Application. If we reject your Application, we will refund your Application Money in full without interest.

If you have any questions about the Offer or how to complete your Entitlement Form, please contact the Company Secretary.

#### 6.6 **Issue of New Shares and quotation on ASX**

New Shares under the Offer will be issued as soon as practicable after the Closing Date. It is expected that New Shares will be allotted and that transaction confirmation statements will be sent to you by 13 September 2018. However, if the Closing Date is extended then the date for allotment and posting may also be extended.

Application for official quotation by ASX of the New Shares offered under this Offer Document has been made. If permission for quotation is not granted by ASX, the New Shares will not be allotted and Application Money will be refunded (without interest) as soon as practicable.

It is your responsibility to confirm your holdings before trading in New Shares. Any person who sells New Shares before receiving confirmation of their holding will do so at their own risk. The Company and the share registry disclaim all responsibility to any person who trades in New Shares before receiving their confirmation statement.

Application Money will be held in trust in a separate bank account on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on the Application Money will be retained by the Company, regardless of whether New Shares are issued under the Offer.

The Directors may at any time decide to withdraw this Offer Document and the offers made under the Offer, in which case the Company will return all Application Money (without interest) as soon as practicable.

## 6.7 Excluded Shareholders

The Offer under the Offer is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is outside Australia or New Zealand). The Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

In making this decision, the Directors have taken into account the small number of Excluded Shareholders and the cost and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlement and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlement or the distribution of this Offer Document or the Entitlement Form.

The making of an Application (whether by the return of a duly completed Entitlement Form or the making of a BPAY payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

## 6.8 Taxation

There may be taxation implications in relation to the Offer and subscribing for New Shares. These taxation implications vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Offer or the New Shares.

## 7. GLOSSARY

Where the following terms are used in this Offer Document they have the following meanings:

|                             |  |
|-----------------------------|--|
| <b>Applicant</b>            | A person who makes an Application.   |
| <b>Application</b>          | An application to subscribe for New Shares under this Offer Document.  |
| <b>Application Money</b>    | Money payable by Eligible Shareholders in respect of New Shares applied for under this Offer Document.   |
| <b>ASIC</b>                 | Australian Securities and Investments Commission.  |
| <b>ASX</b>                  | ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as applicable.  |
| <b>Board</b>                | The board of directors of the Company.   |
| <b>Broker</b>               | Bridge Street Capital Partners Pty Ltd (ACN 164 702 005) (CAR AFSL 456663)   |
| <b>Closing Date</b>         | The last day for payment and return of Entitlement Forms, being 5.00pm (WST) on 6 September 2018 or such other date as may be determined by the Directors. |
| <b>Company</b>              | Caravel Minerals Limited (ACN 120 069 089).  |
| <b>Constitution</b>         | The constitution of the Company.   |
| <b>Corporations Act</b>     | Corporations Act 2001 (Cth).   |
| <b>Director</b>             | A director of the Company.   |
| <b>Eligible Shareholder</b> | Shareholders with a registered address in Australia or New Zealand as at the Record Date.  |
| <b>Entitlement</b>          | The number of New Shares that an Eligible Shareholder may apply for under the Offer, as determined by the number of Shares held on the Record Date.        |
| <b>Entitlement Form</b>     | The entitlement and acceptance form accompanying this Offer Document.  |
| <b>Excluded Shareholder</b> | A Shareholder whose registered address is not in Australia or New Zealand.   |
| <b>Full Subscription</b>    | The maximum amount to be raised under the Offer being the \$2,010,354 (assuming no existing Options are exercised).  |
| <b>Issue Price</b>          | 5 cents per New Share.   |
| <b>Listing Rules</b>        | The official listing rules of ASX, as amended or waived by ASX from time to time.  |
| <b>New Share</b>            | A Share to be issued under this Offer Document.  |

|                            |   |
|----------------------------|---|
| <b>Offer</b>               | The offer to Eligible Shareholders of New Shares under the Offer.   |
| <b>Offer Document</b>      | This offer document.  |
| <b>Option</b>              | An option to acquire a Share.   |
| <b>Record Date</b>         | 5.00pm (WST) on 20 August 2018.   |
| <b>Offer</b>               | The pro-rata non-renounceable offer conducted pursuant to this Offer Document under which up to approximately 40,207,072 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 3 Shares held at the Record Date at the Issue Price. |
| <b>Share</b>               | A fully paid ordinary share in the Company.   |
| <b>Shareholder</b>         | A registered holder of Shares.  |
| <b>Shortfall</b>           | The number of New Shares not applied for under the Offer before the Closing Date.   |
| <b>Underwritten Amount</b> | The sum of \$1,150,000.   |
| <b>WST</b>                 | Western Standard Time.  |