



31 October 2018

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 SEPTEMBER 2018

Summary

Caravel Copper Project

- Results of core drilling program at Bindi and Dasher confirmed higher-grade ore zones which should allow greater flexibility to mine higher grades early in schedule and options for reduced capex as a staged development
- Commencement of work programs and studies including new resource modelling, metallurgical test work, engineering studies, infrastructure studies, groundwater supply studies, land tenure, social and environmental studies
- Stakeholder and community engagement with key groups

Corporate

- Successfully raised \$1.51m (after costs) in a rights issue to fund ongoing work programs
- New website launched – see www.caravelminerals.com.au
- At 30 September 2018, the Company had cash reserves of approximately AU\$1.7M

Caravel Copper Project

Resources

A new phase of core drilling at Caravel Copper Project confirmed the existence of well defined, higher-grade ore zones (estimated over 0.5% Cu, assays pending) at Bindi.

Approximately 1,000m of HQ diamond core drilling was completed including new core holes at Bindi East, Bindi West and Dasher which tested the interpreted continuity of higher grade intercepts from existing drill spacing, which has a relatively wide spacing of around 100m on sections and 200m between sections. Whilst the current spacing has been adequate for reporting indicated resources at the lower cut-off grades and broad (~150m) wide ore zones it was necessary to obtain more detailed geology from core drilling to interpret the higher-grade zones (see Figure 1).

Caravel's discovery of the higher-grade zones gives significantly better understanding of the ore body and the options for mining. The higher grade-zones will be incorporated into an updated resource model which will provide an improved estimate of the ore grade and distribution, allowing consideration of various project development options including the ability to plan mining of higher grades early in the schedule and staging of development to reduce initial capex requirements.

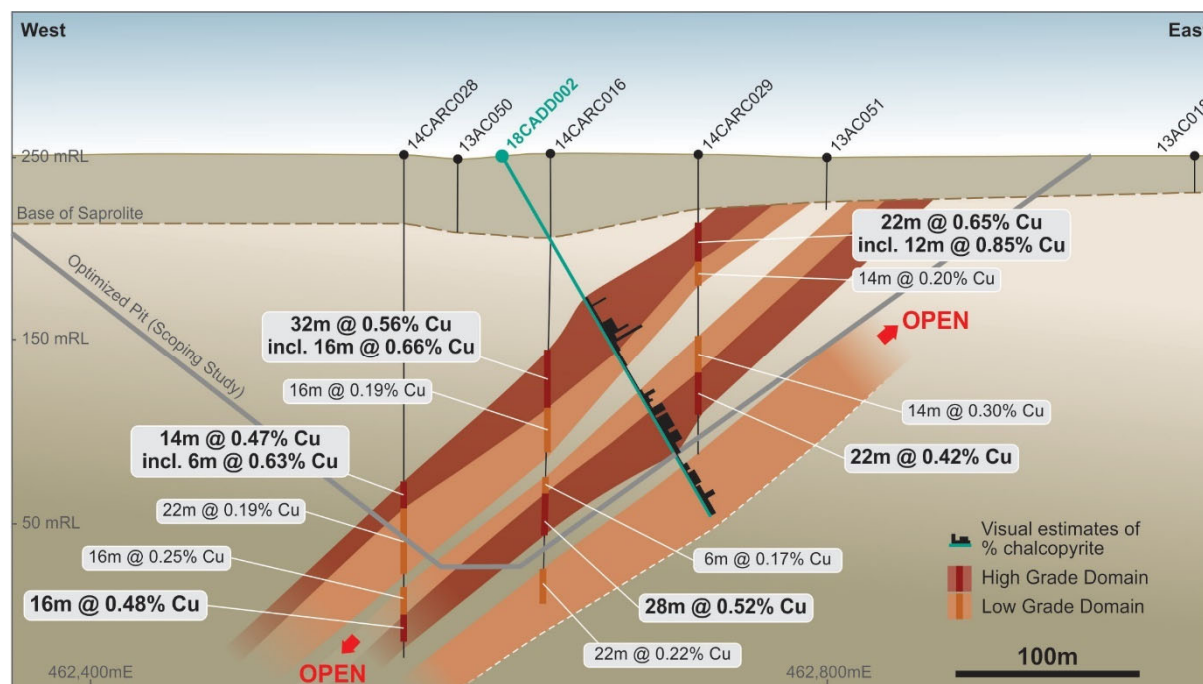


Figure 1: Cross Section through Bindi West (6,573,300mN) showing new domain interpretations and visual estimates of percentage chalcopyrite.

Feasibility Studies

Caravel has appointed a new team to progress the project's pre-feasibility studies, led by Steve Abbott as Study Manager.

Other internal appointments include Bruce McLarty as Commercial Manager and Chantal Hartstone as Manager of Stakeholders and Communications.

The following key consultants have been engaged by Caravel to undertake the pre-feasibility studies.

- Geotechnical – Dempers & Seymour
- Metallurgy / Process Design – Aurifex
- Engineering – MSP Engineering
- Mining – Orelogy
- Tailings – Knight Piesold
- Water – Global Hydro
- Environmental – Various experts and consultants

Forward Program

Resource

- Completion of the five-hole diamond drilling program will occur in early November. Core from the program is being used for geotechnical and metallurgical testwork/studies.
- An RC drilling program consisting of approximately 15holes for 2000 metres will follow the diamond drilling in November /December to further delineate the ore body testing open extensions

Caravel Minerals

- Results from the drilling campaigns will be incorporated into the new geology model and used for the updated resource estimate.
- The updated resource will provide the basis for new pit designs and mine schedules.
- The new mine studies will consider new options for mine development including earlier scheduling of higher-grade ore as well as potential reduction of plant size and staged development to reduce initial capital cost

Feasibility Studies

The feasibility study team is focussing on the following activities:

- Geotechnical studies for the mine planning
- Metallurgical test work to develop a more detailed flow sheet for costing and design work and also produce concentrate specifications for marketing
- Infrastructure studies including project input requirements, water, power, transport and preliminary engineering.
- Land tenure, social and environmental planning and processes
- Regulatory approvals scheduling
- Progression of partnership/financing options.
- Environmental baseline data collection

Health & Safety

The Company incurred zero LTI's during the quarter.

Corporate

Since the last quarterly report;

- Caravel issued 32,495,251 new shares in a non-renounceable rights issue to raise \$1.51m after costs. Bridge Street Capital Partners Pty Ltd was the lead manager and partially underwrote the Offer.
- 7,900,000 incentive options were issued to staff.

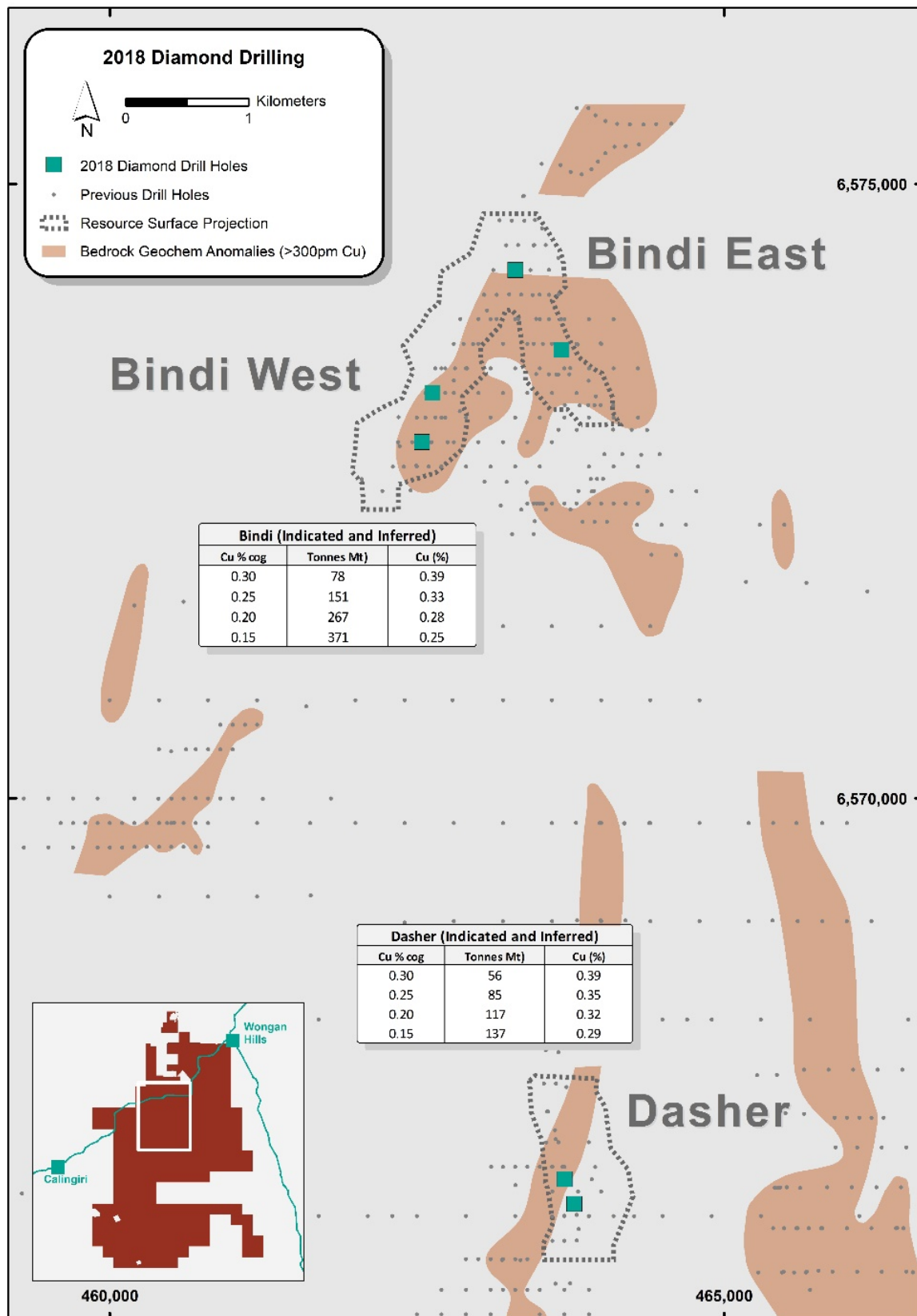
At 30 September 2018 the Company had;

- 153,116,465 shares on issue
- 44,013,222 options on issue (strike price between 6c and 12c)
- \$1.67m held in cash reserves
- Nil debt

Appendix A - Tenement Schedule

| Project | Location | Tenement | Equity at 1 Jul 2018 | Equity at 30 Sep 2018 | Changes in Quarter |
|-----------|-------------------|----------|----------------------|-----------------------|--------------------|
| Calingiri | Wongan/Goomalling | E70/2788 | 100 | 100 | - |
| Calingiri | Goomalling | E70/2789 | 100 | 100 | - |
| Calingiri | Goomalling | E70/4674 | 100 | 100 | - |
| Calingiri | Wongan | E70/3674 | 100 | 100 | - |
| Calingiri | Goomalling | E70/3680 | 100 | 100 | - |
| Calingiri | Goomalling | E70/3755 | 100 | 100 | - |
| Calingiri | Goomalling | E70/4746 | 100 | 100 | - |
| Calingiri | Goomalling | E70/4732 | 100 | 100 | - |
| Calingiri | Wongan | E70/4476 | 100 | - | relinquished |
| Calingiri | Wongan | E70/4517 | 100 | - | relinquished |
| Calingiri | Wongan | P70/1593 | 100 | 100 | - |
| Calingiri | Wongan | E70/4675 | 100 | 100 | - |
| Calingiri | Wongan | E70/4676 | 100 | 100 | - |
| Calingiri | Wongan | E70/2343 | 80 | 80 | - |

Appendix B – Location of 2018 diamond core holes at Bindi and Dasher



Appendix C - Mineral Resources

The following table presents the Calingiri Resource sensitivity to various lower and higher cut-off grades.

| Calingiri Project Mineral Resources Categories at Various Cut-off Grades | | | | | | | | | |
|--|-------------|-------------|----------------|-------------|-------------|----------------|----------------|-------------|----------------|
| | Indicated | | | Inferred | | | Total Resource | | |
| Cut-off Grade | Tonnes (MT) | Grade Cu % | Cu Metal (T) | Tonnes (MT) | Grade Cu % | Cu Metal (T) | Tonnes (MT) | Grade Cu % | Cu Metal (T) |
| 0.30 | 106 | 0.38 | 405,047 | 38 | 0.39 | 144,751 | 143 | 0.38 | 549,798 |
| 0.25 | 187 | 0.34 | 626,279 | 64 | 0.34 | 218,022 | 251 | 0.34 | 844,301 |
| 0.20 | 297 | 0.30 | 874,905 | 105 | 0.30 | 307,600 | 402 | 0.30 | 1,182,506 |
| 0.15 | 390 | 0.27 | 1,039,787 | 139 | 0.28 | 368,129 | 530 | 0.27 | 1,407,918 |

1. Competent Persons Statements The information in this report that relates to the Calingiri Mineral Resource estimates is extracted from an ASX Announcement dated 4 April 2016, (see ASX Announcement – 4 April 2016 “Calingiri Maiden JORC Resource” and in relation to the aircore drilling, results is extracted from ASX Announcements dated 14 March and 4 April 2017, www.caravelminerals.com.au and www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are represented have not been materially modified from the original market announcement.

2. Forward Looking Statements. This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Caravel Minerals planned exploration programmes, studies and other statements that are not historic facts. When used in this document, the words such as “could”, “indicates”, “plan”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward looking statements. Such statements involve risks and uncertainties, and no assurances can be provided that actual results or work completed will be consistent with these forward looking statements.

3. Production Targets and Financial Information. Information in relation to the Calingiri Project Scoping Study, including production targets and financial information, included in this report is extracted from an ASX Announcement dated 28 June 2016, (see ASX Announcement – 28 June 2016, “Scoping Study Confirms Outstanding WA Copper Project”, www.caravelminerals.com.au and www.asx.com.au). The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 28 June 2016 continue to apply and have not materially changed.

For any queries please contact the Company Secretary, Daniel Davis on +61 8 9426 6400

Name of entity

Caravel Minerals Limited

ABN

41 120 069 089

Quarter ended ("current quarter")

30 September 2018

| Consolidated statement of cash flows | Current quarter (3 months) \$'000 | Year to date (3 months) \$'000 |
|---|--|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (132) | (132) |
| (b) exploration & evaluation - staff | - | - |
| (c) development | - | - |
| (d) production | - | - |
| (e) staff costs | (149) | (149) |
| (f) administration and corporate costs | (175) | (175) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other (refund of security deposit) | 44 | 44 |
| 1.9 Net cash from / (used in) operating activities | (412) | (412) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (52) | (52) |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | 42 | 42 |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from / (used in) investing activities | (3) | (3) |

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter (3 months) \$'000 | Year to date (3 months) \$'000 |
|---|--|--|---|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 1,625 | 1,625 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (108) | (108) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (Payments for Share buyback) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 1,517 | 1,517 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 563 | 563 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (412) | (412) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (3) | (3) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,517 | 1,517 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,666 | 1,666 |
| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$'000 | Previous quarter \$'000 |
| 5.1 | Bank balances | 1,666 | 563 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,666 | 563 |

Mining exploration entity and oil and gas exploration entity quarterly report

| 6. Payments to directors of the entity and their associates | | Current quarter \$'000 |
|--|--|-----------------------------------|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 26 |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 6.3 | Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Payment of director fees

| 7. Payments to related entities of the entity and their associates | | Current quarter \$'000 |
|---|--|-----------------------------------|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 | Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Bridge Street Capital, a related party of Mr Alex Sundich, was paid \$86,000 plus GST for underwriting fees and lead manager services and provided to Caravel in connection with the September 2018 rights issue. This outflow is shown at 3.4.

| 8. Financing facilities available | | Total facility amount at quarter end \$'000 | Amount drawn at quarter end \$'000 |
|--|--|--|---|
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |
| 8.4 | Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

Mining exploration entity and oil and gas exploration entity quarterly report

| 9. Estimated cash outflows for next quarter | | \$'000 |
|--|--------------------------------------|---------------|
| 9.1 | Exploration and evaluation | 950 |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | 342 |
| 9.5 | Administration and corporate costs | 86 |
| 9.6 | Other (provide details if material) | - |
| 9.7 | Total estimated cash outflows | 1,378 |

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------------|---|--|---------------------------|---|-----------------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | E70/4476 E70/4517 | Direct Direct | 100% 100% | -% -% |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | - | | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Daniel Davis

Company Secretary

Date: 31 October 2018

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.