

**CARAVEL MINERALS LIMITED
ACN 120 069 089**

**OFFER DOCUMENT
RIGHTS ISSUE**

Non-renounceable pro-rata entitlement to 1 New Share for every 7 Shares held at an issue price of 5 cents per New Share to raise up to approximately \$1,103,728

Offer closes at 5.00pm WST on 15 February 2019

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 1 February 2019 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 of the information that an investor would find in a prospectus or which may be required by an investor in order 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 taking into account 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 in light of 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 Rights Issue 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 Rights Issue.

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 Alasdair Cooke (Executive Director)
Mr Alex Sundich (Non-Executive Director)

SOLICITORS

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe, Western Australia, 6011

COMPANY SECRETARY

Mr Daniel Davis

SHARE REGISTRY*

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross, Western Australia, 6153

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

REGISTERED OFFICE

Suite 1, 245 Churchill Avenue
Subiaco, Western Australia, 6008

Tel: +61 8 9426 6400
Fax: +61 8 9426 6448
Email: mail@caravelminerals.com.au
Website: www.caravelminerals.com.au

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

TABLE OF CONTENTS

CORPORATE DIRECTORY	3
1. KEY INFORMATION.....	5
2. TIMETABLE	7
3. DETAILS OF THE RIGHTS ISSUE	8
4. EFFECT OF RIGHTS ISSUE ON CONTROL AND DIRECTORS' INTERESTS	12
5. RISK FACTORS.....	14
6. ACTION REQUIRED BY SHAREHOLDERS	19
7. GLOSSARY	22

1. KEY INFORMATION

SUMMARY OF RIGHTS ISSUE OFFER

Offer	1 New Share for every 7 Shares held on the Record Date. See Section 3.1.
Issue Price	5 cents per New Share. See Section 3.1.
Number of New Shares to be issued	<p>Up to approximately 22,074,569 New Shares will be issued at Full Subscription.</p> <p>The precise number of New Shares to be issued is not known and will vary depending on how many Shares are on issue on the Record Date and the number of Shares applied for under the Offer. See Section 3.3.</p>
Funds raised	<p>Up to approximately \$1,103,728 will be raised by the Rights Issue at Full Subscription.</p> <p>The precise amount of funds that will be raised is not known and will vary depending on how many Shares are on issue on the Record Date and the number of Shares applied for under the Rights Issue. See Section 3.1.</p>
Minimum Subscription	<p>Minimum Subscription is \$105,000.</p> <p>See Section 3.7.</p>
Use of funds	<p>The funds (including existing funds) are intended to be used to develop the Caravel copper project in Western Australia including drilling and metallurgical test work as well as for general working capital and to pay the costs of the rights issue process.</p> <p>The intended application of funds as moneys are raised beyond Minimum Subscription and up to Full Subscription are set out in the Use of Funds Table in Section 3.2 and will be on a pro-rata basis for the relevant items.</p> <p>See Section 3.2.</p>
Not underwritten	<p>The Rights Issue is not underwritten.</p> <p>See Section 3.8.</p>
Entitlement to participate in Rights Issue	<p>All Eligible Shareholders on the Record Date are entitled to participate in the Rights Issue.</p> <p>Optionholders are not entitled to participate in the Offer unless they exercise their Options before the Record Date. See Section 3.4.</p>
Shortfall	<p>Eligible Shareholders who are not related parties and that have subscribed for their full Entitlement may apply for Shortfall Shares. Application by Eligible Shareholders with moneys does not guarantee any allotment of Shortfall Shares.</p> <p>The Directors reserve the right to place any further remaining Shortfall (if any) at their discretion within 3</p>

SUMMARY OF RIGHTS ISSUE OFFER

months of the Closing Date.

See Section 3.9.

Risks

The Rights Issue should be considered highly speculative as the Company is an exploration and development company with a focus on the Caravel copper project in Western Australia. Some of the specific risks to an investment in the Company are going concern risk, future capital needs and additional funding, regulatory risk, exploration risk and copper price volatility.

The potential effect of the Rights Issue on control of the Company

The Company is of the view that the Rights Issue will not materially affect the control of the Company. By reason of existing shareholdings in the Company and the structure of the Rights Issue, no Shareholder can increase their voting power beyond 20% by reason of the Rights Issue.

The Company will not issue any New Shares by reason of Shortfall to Eligible Shareholders or others so they can increase their voting power beyond 20%. See Section 4.1.

2. TIMETABLE

Event	Date
Pro-rata Offer announced	23 January 2019
New Shares quoted on an "ex" basis (date from which the New Shares commence trading without the entitlement to participate in the Offer).	25 January 2019
Record Date (date for identifying Shareholders entitled to participate in the Offer).	29 January 2019
Offer Document with Entitlement Form sent to Eligible Shareholders	1 February 2019
Offer opens	1 February 2019
Closing Date (last date for lodgement of Entitlement Forms and Application Money)	15 February 2019
Trading of New Shares commences on a deferred settlement basis	18 February 2019
Company to notify ASX notified of the Shortfall (if any)	20 February 2019
Issue of New Shares and end of deferred settlement trading	22 February 2019

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates including the Closing Date, subject to the Listing Rules and the Corporations Act. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue at any time prior to the issue of New Shares. In that event, the Application Money will be returned without interest.

3. DETAILS OF THE RIGHTS ISSUE

3.1 The Rights Issue

Eligible Shareholders are invited to participate in a non-renounceable pro-rata entitlements rights issue on the basis of 1 New Share for every 7 Shares (1:7) held as at the Record Date (5.00pm WST on 29 January 2019), at an issue price of 5 cents per New Share.

The Company currently has 154,521,987 Shares and 37,310,413 unlisted Options on issue. Based on the current capital structure of the Company, up to approximately 22,074,569 New Shares will be issued under the Offer at Full Subscription to raise up to \$1,103,728 (before the costs of the issue). If any of the Options are exercised before the Record Date then the number of New Shares that may be issued under the Offer could increase.

The New Shares will rank equally in all respects with existing Shares.

3.2 Purpose and use of proceeds

The Company has current funds of approximately \$700,000 at 25 January 2019. The Rights Issue will increase the total number of Shares on issue and increase our cash reserves by up to \$1,103,728 (before costs).

The table below sets out the proposed application existing funds and funds raised under the Rights Issue assuming both Minimum Subscription and a full take-up of Entitlements.

Funds Available	Minimum Subscription (\$)	Full Subscription (\$)
Current cash on hand at 25 January 2019	700,000	700,000
Funds raised under the Offer	105,000	1,103,728
Total funds available	\$805,000	\$1,803,728

Use of Funds	Amount (\$)	Amount (\$)
Drilling at Caravel copper project	300,000	500,000
Metallurgical test work	175,000	350,000
Infrastructure studies	30,000	180,000
Social and environmental work	60,000	165,000
Updating a scoping study	30,000	180,000
General working capital ¹	194,000	408,728
Cash costs of the Offer ²	16,000	20,000
Total	805,000	1,803,728

Notes:

1. 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.
2. Cash costs of the Offer include the legal, share registry, printing and ASX expenses.
3. In the event that moneys are received beyond Minimum Subscription (\$105,000) but less than Full Subscription (\$1,103,728), the Company intends to apply the additional funds

(after the additional costs of the Offer) to the items listed in the Use of Funds table on a pro-rata basis.

4. The Company has engaged an engineering contractor to provide engineering services to the Company of up to a value of \$250,000 and will pay for such services by the issue of Shares at a deemed issue price of 5 cents each. Such engineering contract work has not been accounted for in the use of proceeds above.
5. This table is a statement of our proposed application of the funds raised as at the date of this Offer Document. As with any budget, unexpected events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

3.3 Capital structure

Assuming that no Options are exercised before the Record Date, the effect of the Offer on the Company's issued share capital at Minimum Subscription and Full Subscription is shown in the following table:

Shares	Minimum Subscription	Full Subscription
Existing Shares	154,521,987	154,521,987
New Shares issued under Rights Issue	2,100,000	22,074,569
Total Shares on issue after completion of the Rights Issue*	156,621,987	176,596,556

In addition to Shares, the Company has on issue:

- (a) 15,710,413 unlisted Options (exercise price 7 cents, expiry date 30 June 2019);
- (b) 8,900,000 unlisted Options (exercise price 7.5 cents, expiry date 31 August 2019);
- (c) 1,400,000 unlisted Options (exercise price 6.8 cents, expiry date 28 March 2020);
- (d) 400,000 unlisted Options (exercise price 10 cents, expiry date 12 May 2020); and
- (e) 10,900,000 unlisted Options (exercise price 8 cents, expiry date 30 September 2021).

* The Company has agreed to issue up to 5,000,000 Shares at a deemed issue price of 5 cents to an engineering contractor for engineering services to be provided to the Company.

3.4 Eligible Shareholders

The Rights Issue 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 Rights Issue 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. The number of New Shares to which you are entitled is shown on the personalised Entitlement Form which accompanies this Offer Document. Fractional Entitlements will be rounded up to the nearest whole number.

You 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 15 February 2019). 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

We will accept applications from the Opening Date until 5pm (WST) on 15 February 2019 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

Minimum Subscription is \$105,000.

This approximates the commitment given by the Directors to subscribe for their full Entitlement.

3.8 Not Underwritten

The Rights Issue is not underwritten.

3.9 Shortfall

Any New Shares not applied for by Eligible Shareholders under the Rights Issue will form the Shortfall.

Eligible Shareholders who are not related parties and that have subscribed for their full Entitlement may apply for Shortfall Shares by completing the "*additional New Shares*" section in the Entitlement Form. Application by Eligible Shareholders with moneys does not guarantee any allotment of Shortfall Shares. All Application Moneys in relation to which Shortfall Shares are not allocated will be returned without interest.

The Company will not issue Shortfall Shares so that an Applicant's voting power in the Company may exceed 20%.

Subject to the above, the Directors reserve the right to place any remaining Shortfall Shares (if any) at their discretion within 3 months of the Closing Date. Such Shortfall may be placed to non-Shareholders.

Shortfall Shares will be issued at the same price as the New Shares offered under the Rights Issue. The offer of Shortfall Shares is an offer under this Offer Document.

Directors and related parties cannot be issued Shortfall Shares without prior shareholder approval.

3.10 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 or the ASX www.asx.com.au.

4. EFFECT OF RIGHTS ISSUE ON CONTROL AND DIRECTORS' INTERESTS

4.1 Effect on Control

The effect of the Rights Issue on the control of the Company, and the consequences of that effect, will depend upon a number of factors, including the level of take up from Eligible Shareholders. The primary consequences will be as follows:

- (a) If all Eligible Shareholders as at the Record Date take up their full Entitlement, the Rights Issue will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company subject only to changes resulting from Excluded Shareholders being unable to participate in the Rights Issue.
- (b) In the more likely event that not all Eligible Shareholders subscribe for their full Entitlement (ie there is a Shortfall), Eligible Shareholders who do not subscribe for their full Entitlement under the Rights Issue and Excluded Shareholders unable to participate in the Rights Issue will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement. The extent of the dilution will depend on the degree to which Eligible Shareholders take up their Entitlement. The maximum dilution if you do not take up your Entitlement will approach 12.5% if nearly all Eligible Shareholders other than you take up their full Entitlement.
- (c) By reason of existing shareholdings in the Company and the structure of the Rights Issue, no Shareholder can increase their voting power beyond 20% by the Rights Issue. The Company will not issue any New Shares under the Shortfall so a party can increase their voting power beyond 20%.

By reason of the above, the Company is of the view that the Rights Issue will not materially affect the control of the Company.

4.2 Directors' Interests

The relevant interest of each of the Directors in the securities of the Company as at the Record Date is set out in the table below.

Director	Shares	Options	Entitlement Shares
Wayne Trumble	0	500,000 (exercise price 8 cents expiry date 30 September 2021)	0
Alasdair Cooke	14,258,206	2,900,000 (exercise price 7.5 cents expiry date 31 August 2019) 1,657,408 (exercise price 7 cents expiry date 30 June 2019) 2,000,000 (exercise price 8 cents expiry date 30 September 2021)	2,036,887

Director	Shares	Options	Entitlement Shares
Alex Sundich	800,001	109,507 (exercise price 7 cents expiry date 30 June 2019) and 500,000 (exercise price 8 cents expiry date 30 September 2021)	114,286

Notes:

1. Alasdair Cooke and Alex Sundich have advised the Company they intend to subscribe for their full Entitlement.

5. RISK FACTORS

5.1 Introduction

Applicants should be aware that an investment in the Company is highly speculative. The Company is an exploration and development company with a focus on the Caravel copper project in Western Australia.

The activities of the Company are subject to various risks that may impact on the future performance of the Company. The following is a non-exhaustive list of the risks that may have a material effect on the financial position and performance of the Company and the value of its securities.

5.2 Specific risks

Going concern risk

The Company's audited financial report for the year ended 30 June 2018 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. In this circumstance, Shareholders may receive no return.

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. If only Minimum Subscription is raised by this Offer, how the Company intends to use the funds is set out in Section 3.2. Further funds beyond Minimum Subscription will be needed in order to fund certain matters as set out in Section 3.2.

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 Caravel 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.

Native Title and Aboriginal Heritage

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is uncertainty associated with native title in Australia and this may impact upon the Company's operations and future plans.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not necessarily extinguished by the grant of mining licences, although a valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

The existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court. If native title rights do exist, the ability of the Company to gain access to tenements or to undertake development and mining phases of operations may be adversely affected.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

Mineral resource estimations

The mineral resource estimates for the Caravel 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.

Legal proceedings

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Offer Document, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

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 resource exploration and development 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 both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies 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 in accordance with Section 3.9 if you take up your Entitlement in full. 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 to Shares 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 15 February 2019).

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 15 February 2019).

If you take up your Entitlement in full, you may apply for further New Shares as part of the Shortfall in accordance with Section 3.9.

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.

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 15 February 2019):

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 Rights Issue 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 Rights Issue 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 on or about 22 February 2019. 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 Rights Issue, in which case the Company will return all Application Money (without interest) as soon as practicable.

6.7 Excluded Shareholders

The Offer under the Rights Issue is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is situated outside Australia or New Zealand). The Rights Issue 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 Rights Issue 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 Rights Issue or the New Shares.

7. GLOSSARY

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

Applicant	A person who makes an Application.
Application	An application to subscribe for New Shares under this Offer Document.
Application Money	Money payable by Eligible Shareholders in respect of New Shares applied for under this Offer Document.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as applicable.
Board	The board of directors of the Company.
Closing Date	The last day for payment and return of Entitlement Forms, being 5.00pm (WST) on 15 February 2019 or such other date as may be determined by the Directors.
Company	Caravel Minerals Limited (ACN 120 069 089).
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Eligible Shareholder	Shareholders with a registered address in Australia or New Zealand as at the Record Date.
Entitlement	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.
Entitlement Form	The entitlement and acceptance form accompanying this Offer Document.
Excluded Shareholder	A Shareholder whose registered address is not in Australia or New Zealand.
Full Subscription	The maximum amount to be raised under the Offer being the sum of \$1,103,728 assuming no existing Options are exercised.
Issue Price	5 cents per New Share.
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time.

Minimum Subscription	The sum of \$105,000.
New Share	A Share to be issued under this Offer Document.
Offer	The offer to Eligible Shareholders of New Shares under the Rights Issue.
Offer Document	This offer document.
Option	An option to acquire a Share.
Record Date	5.00pm (WST) on 29 January 2019.
Rights Issue	The pro-rata non-renounceable offer conducted pursuant to this Offer Document under which up to approximately 22,074,569 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 7 Shares held at the Record Date at the Issue Price.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of Shares.
Shortfall	The number of New Shares not applied for under the Rights Issue before the Closing Date.
WST	Western Standard Time.