

IMPORTANT INFORMATION IN REGARD TO AGM VOTING

Notice is hereby given that the annual general meeting of Shareholders of Caravel Minerals Limited (Company) will be held at Suite 1, 245 Churchill Avenue, Subiaco WA 6008 on Thursday, 26 November 2020 at 11.30am (WST) (Meeting).

Based on the information available at the date of the Notice of Meeting, the Board considers that it will be in a position to hold a physical meeting with appropriate measures in place to comply with Federal and State COVID-19 restrictions regarding gatherings. However, the Company strongly encourages Shareholders to submit completed Proxy Forms prior to the Meeting in accordance with the instructions set out in the Proxy Form and the Notice.

In accordance with subsection 5(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be despatching physical copies of the Notice of Meeting. Instead, Shareholders can access a copy of the Notice of Meeting at the following link:

www.caravelminerals.com.au

A personalised Proxy Form will be sent to all Shareholders by post or email.

How Shareholders Can Participate

1. Shareholders are urged to appoint the Chair as their proxy. Shareholders can complete the Proxy Form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business and the Chair must follow the Shareholder's instructions. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the enclosed Proxy Form. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder's attendance at the Meeting. Your proxy voting instructions must be received by 11:30am (WST) on Tuesday, 24 November 2020.
2. Shareholders may submit questions in advance of the Meeting by email to the Company Secretary at daniield@caravelminerals.com.au. Responses will be provided at the Meeting in respect of all valid questions received prior to 5.00pm (WST) on Wednesday, 25 November 2020. Shareholders who physically attend the Meeting, will also have the opportunity to submit questions during the Meeting.

Shareholders should contact the Company Secretary on (08) 9426 6400 or by email at daniield@caravelminerals.com.au if they have any queries in relation to the Meeting arrangements. If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at www.caravelminerals.com.au

CARAVEL MINERALS LIMITED

ACN 120 069 089

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting of Shareholders
to be held on 26 November 2020 at 11:30am (WST)
at Suite 1, 245 Churchill Avenue, Subiaco, Western Australia**

Due to the ongoing COVID-19 pandemic and strict limitation on physical attendance, the Company has taken steps to ensure attendance in person is in adherence to COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

Shareholders are urged to vote by lodging the Proxy Form attached to this Notice.

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of Caravel Minerals Limited will be held at:

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

**Commencing
at 11:30am (WST)
on 26 November 2020**

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11:30am (WST). Given the current COVID-19 pandemic, Shareholders are urged to vote by proxy.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form as soon as possible and deliver the Proxy Form in accordance with the instructions on the Proxy Form. You may also submit your Proxy Form online in accordance with instructions on the Proxy Form.

Your Proxy Form must be received no later than 48 hours before the commencement of the Meeting.

CARAVEL MINERALS LIMITED
ACN 120 069 089

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Caravel Minerals Limited will be held at Suite 1, 245 Churchill Avenue, Subiaco, Western Australia on 26 November 2020 at 11:30am (WST) for the purpose of transacting the following business.

Due to the ongoing COVID-19 pandemic and strict limitation on physical attendance, the Company has taken steps to ensure attendance in person is in adherence to COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

GENERAL BUSINESS

ACCOUNTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report in the Annual Report of the Company for the financial year ended 30 June 2020."

Voting exclusion:

A vote in respect of the Resolution must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, the voter may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ALEXANDER SUNDICH

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Alexander Sundich, who retires by rotation in accordance with rule 7.3 of the Constitution of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a director of the Company."

RESOLUTION 3 – ELECTION OF DIRECTOR – RICHARD MONTI

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Richard Monti, being a Director of the Company appointed by the Directors as an additional Director and holding office until this Meeting in accordance with rule 7.3(f) of the Constitution of the Company and, being eligible, offers himself for election, is hereby elected as a Director of the Company."

RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO DRILLING CONTRACTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That the issue of 2,082,222 Shares to Orbit Drilling on 16 October 2020 under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Orbit Drilling, a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 5 – APPROVAL OF ADDITIONAL 10% CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS TO RICHARD MONTI

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 3, the issue up to 1,250,000 Options to Richard Monti or his nominees is approved under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Restriction on proxy voting by key management personnel or closely related parties:

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the chair of the Meeting; and

(d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
3. The chair of the Meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions, including Resolutions 1 and 6. The Proxy Form expressly authorises the chair of the Meeting to exercise the proxy in relation to Resolutions 1 and 6 even though these Resolutions are connected directly or indirectly with the remuneration of a member of key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the chair) will not be voted on Resolutions 1 and 6.
4. Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling of the activities of the Company, directly or indirectly. Closely related parties are defined in the Corporations Act, and include certain family members, dependants and companies controlled by key management personnel.
5. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is [*] 2020 at 5.00pm (WST).
6. A Proxy Form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form. Voting online is available.

By order of the Board



Steve Abbott
Managing Director

Dated: 22 October 2020

CARAVEL MINERALS LIMITED
ACN 120 069 089

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.caravelminerals.com.au.

Shareholders will be offered the following opportunities:

- (a) discuss the annual financial report for the financial period ended 30 June 2020;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2020.

A reasonable opportunity will be provided for questions about or comments on the Remuneration Report at the Annual General Meeting.

2.2 **Voting Consequences**

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

2.3 **Previous voting results**

At the Company's previous annual general meeting, the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

2.4 **Proxy restrictions**

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for this Resolution.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution.

The Chairman intends to vote all undirected proxies in favour of this Resolution. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on this Resolution, by signing and returning the Proxy Form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2020. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

3. **RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ALEXANDER SUNDICH**

Rule 7.3 of the Constitution requires that at each annual general meeting, one-third of directors for the time being (rounded down to the nearest whole number) shall retire from office and that a Director that so retires is eligible for re-election. Additionally, Listing Rule 14.4 provides that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. The retirement rules do not apply to the managing director.

Mr Alexander Sundich was last re-elected as a Director at the 2018 annual general meeting. Alexander Sundich retires by rotation in accordance with the Constitution, and being eligible, offers himself for re-election as a Director.

Mr Alexander Sundich is a non-executive director of the Company. Details of the qualifications and experience of Mr Sundich is set out in the Company's 2020 Annual Report.

The Board of the Company recommends the re-election of Alexander Sundich as a Director.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – RICHARD MONTI

Rule 7.3(f) of the Company's Constitution provides that any Director appointed by the Board as an additional director holds office until the next following annual general meeting and is eligible for election at that meeting. Additionally, Listing Rule 14.4 provides that a Director appointed as an additional director must not hold office (without re-election) past the next annual general meeting.

Mr Richard Monti was appointed by the Board as an additional Director on 17 August 2020.

Mr Richard Monti holds office until this Meeting and, being eligible, offers himself for election as a Director of the Company.

Mr Richard Monti is a non-executive director of the Company. Details of the qualifications and expertise of Mr Monti is set out in the Company's 2020 Annual Report.

The Board of the Company recommends the election of Mr Richard Monti as a Director.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO DRILLING CONTRACTOR

5.1 Background

On 13 October 2020 ("**Issue Date**") the Company issued 2,082,222 Shares to Orbit Drilling in consideration for the provision of drilling services ("**Issue**").

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The Issue does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and Listing Rule 7.1A for the 12 month period following the Issue Date.

Information on Listing Rule 7.1A is set out in Section 6.1 below.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rules 7.1 and 7.1A.

To this end, this Resolution seeks Shareholder approval to the Issue under and for the purposes of Listing Rule 7.4.

If this Resolution is passed, the Issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month

period following the Issue Date.

5.2 Listing Rule 7.5

For Shareholders to approve the Issue under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to Orbit Drilling, which is not a related party of the Company.
- (b) The number of securities issued was 2,082,222 Shares.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued shares.
- (d) The Shares were issued on 16 October 2020.
- (e) The Shares were issued at a deemed issue price of 4.5 cents each being in consideration for the provision of drilling services.
- (f) No funds were raised from the Issue as the purpose was to satisfy moneys outstanding of \$93,700 for drilling services.
- (g) The securities were issued under a drilling services agreement, the material term of which is Orbit Drilling will provide drilling services for the Company and the Company will pay for 30% of the drilling services (an amount of \$93,700) by the issue of Shares at a deemed issue price of 4.5 cents per Share, being the Share price at the date of the relevant agreement of 14 August 2020.

6. RESOLUTION 5 - APPROVAL OF ADDITIONAL 10% CAPACITY

6.1 Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An "*eligible entity*" means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

This Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

6.2 Specific information required by Listing Rule 7.3A

(i) Period for which approval is valid

An approval under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (b) The time and date of the Company's next annual general meeting.
- (c) The time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

(ii) Minimum price at which equity securities may be issued

Any equity securities issued under Listing Rule 7.1A must be in an existing quoted class of the eligible entity's equity securities and issued for a cash consideration per security which is not less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- (b) if the securities are not issued within 10 Trading Days of the date in paragraph (a), the date on which the securities are issued.

(iii) Purposes for which funds raised may be used

Equity securities can only be issued under Listing Rule 7.1A for a cash consideration. Funds raised by the issue of equity securities under Listing Rule 7.1A may be used for the continued development of the Company's current assets, the acquisition of new assets or other investments (including expenses associated with such acquisition), and for general working capital.

(iv) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the equity securities in that class may be significantly lower on the issue date than on the date of the Shareholder approval under Listing Rule 7.1A; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The table below shows the potential dilution of existing Shareholders on the basis of 3 different assumed issue prices and values for variable "A" in the formula in Listing Rule 7.1A.2. This includes one example that assumes that "A" is double the number of Shares on issue at the time of the approval under Listing Rule 7.1A and that the price of Shares has fallen by 50%.

Number of Shares on Issue (Variable "A" in Listing Rule 7.1A.2)	Number of Shares issued under additional 10% capacity	Dilution		
		Funds raised based on issue price of 4.55 cents	Funds raised based on issue price of 9.1 cents	Funds raised based on issue price of 18.2 cents
		(50% decrease in current issue price)	(Current issue price)	(100% increase in current issue price)
250,504,913 (Current)*	25,050,491	\$1,139,797	\$2,279,595	\$4,559,189
375,757,369 (50% increase)	37,575,737	\$1,709,696	\$3,419,392	\$6,838,784
501,009,826 (100% increase)	50,100,983	\$2,279,595	\$4,559,189	\$9,118,379

*The number of Shares on issue (variable "A" in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

1. The current Shares on issue are the Shares on issue as at 9 October 2020.
2. The issue price set out above is the closing price of the Shares on the ASX on 9 October 2020.
3. The Company issues the maximum number of equity securities available under the additional 10% capacity.
4. No Options are exercised into Shares before the date of the issue of the equity securities.

(v) Allocation Policy

The Company's allocation policy for the issue of equity securities under the additional 10% capacity will depend on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the additional 10% capacity have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company and may include new investors who have not previously been Shareholders.

(vi) Equity securities issued under Listing Rule 7.1A.2 in the previous 12 months

The Company has not issued or agreed to issue any equity securities under Listing Rule 7.1A.2 in the 12 months preceding this Meeting.

(vii) Voting Exclusion Statement

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

7. RESOLUTION 6 – APPROVAL TO ISSUE OPTIONS TO RICHARD MONTI

7.1 General

The Board consists of Wayne Trumble (Non-Executive Chairman), Steve Abbott (Managing Director), Alasdair Cooke (Executive Director), Alexander Sundich (Non-Executive Director) and Richard Monti (Non-Executive Director).

This Resolution seeks Shareholder approval so that the Company may issue Options as an incentive to Richard Monti, a non-executive director of the Company. The approval to issue the Options is conditional on Richard Monti's election as a Director (Resolution 3).

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and Chapter 10 of the Listing Rules because Richard Monti as a Director is a related party of the Company. Shareholder approval is being sought under Listing Rule 10.14 as the securities are being issued under an employee incentive scheme. Each of Chapter 2E and Listing Rule 10.14 are dealt with separately below.

7.2 Chapter 2E of the Corporations Act - Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Richard Monti as a Director is a related party of the Company.

The issue of Options to a related party is a financial benefit requiring shareholder approval in the absence of a specified exception applying.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

- (a) *The related party to whom the resolutions would permit the financial benefit to be given*

The related party is Richard Monti or his nominees.

- (b) *The nature of the financial benefit*

The nature of the financial benefit is the issue of up to 1,250,000 Options.

The Options will have an exercise price of 8 cents and an expiry date of 30 September 2022. The full terms of the Options are set out in Schedule 2.

On 19 August 2020, the Board announced the intention to issue Options to Richard Monti. The issue of the Options is subject to this Shareholder approval and is to form part of Richard Monti's remuneration as a non-executive director together with a cash fee of

\$25,000 per annum. At the time of the ASX announcement and the agreement with Richard Monti, the exercise price of the Options of 8 cents was set. It reflected a premium to the then Share price of 4.7 cents.

Since this time, the trading price of Shares has increased so that the Options are currently "*in the money*" based on a closing price of Shares on 12 October 2020 of 9.5 cents. That is, the Share price of 9.5 cents is greater than the exercise price of 8 cents.

(c) *Reasons for giving the benefit and Directors' Recommendation*

The purpose of the issue of the Options is to incentivise Richard Monti to provide ongoing dedicated services and provide remuneration linked to the performance of the Company. The benefit will only be received from the Options upon the Company's Share price exceeding the exercise price of the Options and thereby warranting their exercise. As stated above, the Share price at 9 October 2020 exceeds the exercise price of the Options.

Under the Company's current circumstances, the Directors consider that the incentive, represented by the issue of these Options, is a cost effective and efficient reward and incentive to be provided to the Director by the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation.

The Directors independent of Richard Monti (being the 4 other Directors that are not the subject of this Resolution) consider that the quantity of Options together with the terms of the Options constitutes an appropriate number to adequately incentivise Richard Monti in light of Richard Monti's skill and experience and his current remuneration as detailed below. This is their view at the date of the agreement to issue the Options on 19 August 2020 and remains their view. The value of the Options set out below is a value based on a current Share price. The current cash fee of Richard Monti for acting as a non-executive director (of \$25,000 per annum) is what the Directors consider is, by itself, a below market consideration.

The Company acknowledges that the issue of the Options to Richard Monti as a non-executive director may be contrary to guidelines for non-executive director remuneration in the ASX Corporate Governance Principles and Recommendations, 4th Edition suggesting that non-executive directors should not receive performance based remuneration. However, the Board considers the issue of the Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

The Directors independent of Richard Monti recommend that Shareholders vote in favour of the Resolution.

Richard Monti abstains from making a recommendation as a Director to Shareholders on this Resolution as he has a material personal interest in the outcome as the recipient of the Options.

(d) *Current total remuneration package*

The current remuneration received by Richard Monti is \$25,000 per year director's fee inclusive of superannuation. In addition to acting as a non-executive director, Richard Monti may provide geological technical and strategy services to the Company from time to time and his remuneration for these services will be at \$1,500 a day.

(e) *Existing relevant interests*

As at the date of this Notice, Richard Monti has a relevant interest in securities of the Company as follows:

	Shares
Richard Monti	1,000,000

(f) *Dilution*

The passing of this Resolution would have the effect of issuing Richard Monti up to 1,250,000 Options.

If any of the Options are exercised into Shares, the effect will be to dilute the shareholding of existing Shareholders. If all the 1,250,000 Options were exercised into Shares, the effect would be to dilute the shareholding of the existing Shareholders by approximately 0.5% based on the total number of Shares on issue at the date of this Notice of 253,004,913.

(g) *Trading history*

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Closing Price	Date
Highest Price	12.5 cents	10 September 2020
Lowest Price	1.5 cents	23 March 2020
Latest Price	9.5 cents	12 October 2020

(h) *Valuation of Options*

The Company's independent advisers, Anlar Consulting, have valued the Options to be issued to Richard Monti by reference to the binomial valuation model.

The following assumptions have been made regarding the inputs required for the model:

	Input	Note
Number of Options	1,250,000	
Underlying share spot price	9.5 cents	1
Exercise Price	8 cents	2
Dividend rate	Nil	3
Risk free rate	0.135%	4
Volatility	111%	5
Life of the Options	1.97 years	6
Valuation	5.69 cents	

Note 1: The underlying Share spot price used for the purpose of the valuation is based on the closing Share price of 9.5 cents on 12 October 2020.

Note 2: The exercise price is 8 cents.

Note 3: No dividends are expected to be paid during the life of the Options.

Note 4: The risk free rate is based on the average yield on 2 year Commonwealth Treasury bonds at 12 October 2020.

Note 5: The volatility was calculated from the Company's historical trading volatility over the last 12 months and is 111%.

Note 6: The life of the Options has been assumed to be 1.97 years expiring on 30 September 2022, the final date for exercise of the Options.

Based on the above assumptions, the Options have been valued as follows:

Number and Value of Options	
Richard Monti	1,250,000 Options – 5.69 cents each (\$71,125)

(i) *Other information*

The Directors do not consider that there are opportunity costs to the Company or benefits foregone by the Company in issuing the Options.

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

7.3 Listing Rule 10.14

The Company is proposing to issue Options to Richard Monti, a Director under the Employee Incentive Plan, which is an employee incentive scheme ("**Issue**").

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) Listing Rule 10.14.1 – a director of the listed company;
- (b) Listing Rule 10.14.2 – an associate of a director of the listed company; or
- (c) Listing Rule 10.14.3 – a person whose relationship with the listed company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of the Company's Shareholders under Listing Rule 10.14.

This Resolution seeks the required Shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

If this Resolution is passed, the Company will be able to proceed with the Issue and Richard Monti will be able to be issued the Options under the Employee Incentive Plan.

If this Resolution is not passed, the Company will not be able to proceed with the Issue and this incentive will not be issued to Richard Monti. No other replacement incentive is currently proposed.

7.4 Listing Rule 10.15

For Shareholders to approve the issue of the Options under and for the purposes of Listing Rule 10.14, the following information is provided to Shareholders in accordance with Listing Rule 10.15:

- (a) The securities will be issued to Richard Monti or his nominees.
- (b) Richard Monti is a Director and is a Listing Rule 10.14.1 party.
- (c) The number of securities the Company will issue is up to 1,250,000 Options.
- (d) The current total remuneration package of Richard Monti is set out in Section 7.2(d) above.
- (e) No securities have previously been issued to Richard Monti under the Employee Incentive Plan.
- (f) The securities to be issued are Options with an exercise price of 8 cents and an expiry date of 30 September 2022. The full terms of the Options are set out in Schedule 2. Options are being issued under the Employee Incentive Plan as the Directors consider this incentive is a cost effective and efficient reward and incentive and will preserve the cash reserves of the Company as opposed to the payment of cash compensation. The value of the Options with the disclosure of the assumptions is set out in Section 7.2(h) above.
- (g) The securities are intended to be issued within 1 week of the Meeting.
- (h) The Options will be issued for no consideration and there is no issue price.
- (i) The material terms of the Employee Incentive Plan are summarised in Schedule 1.
- (j) No loan will be made to Richard Monti in relation to the issue of the Options under the Employee Incentive Plan.
- (k) Details of any securities issued under the Employee Incentive Plan to Listing Rule 10.14 parties will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Employee Incentive Plan after this Resolution is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

CARAVEL MINERALS LIMITED
ACN 120 069 089

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

"Annual General Meeting" or **"Meeting"** means the meeting convened by this Notice.

"ASIC" means Australian Securities and Investments Commission.

"ASX" means the ASX Limited (ACN 008 624 691).

"ASX Listing Rules" or **"Listing Rules"** means the Listing Rules of the ASX.

"Board" means the Board of Directors of the Company.

"Chair" or **"Chairman"** means the chairperson of the Company.

"Company" or **"CVV"** means Caravel Minerals Limited (ACN 120 069 089).

"Constitution" means the constitution of the Company.

"Corporations Act" means Corporations Act 2001 (Cth).

"Directors" mean the directors of the Company from time to time.

"Employee Incentive Plan" means the Caravel Minerals Employee Incentive Plan approved by Shareholders at the 2019 annual general meeting, with the terms summarised in Schedule 1.

"equity securities" has the same meaning as in the Listing Rules.

"Explanatory Statement" means this Explanatory Statement.

"Notice" means the notice of meeting that accompanies this Explanatory Statement.

"Option" means an option to subscribe for a Share.

"Performance Right" means a right to acquire a Share subject to the satisfaction of applicable vesting conditions.

"Resolution" means a resolution referred to in the Notice.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholder" means a registered holder of Shares in the Company.

"Trading Day" has the same meaning as in the Listing Rules.

"WST" means Western Standard Time, Perth, Western Australia.

"A\$" or "\$" means Australian dollars unless otherwise stated.

SCHEDULE 1

Terms of Employee Incentive Plan

- 1. Purpose** The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer Options or Performance Rights to assist with reward, retention, motivation and recruitment of eligible participants.
- 2. Eligible Participants** Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary, relevant contractors and casual employees and prospective parties in these capacities ("Eligible Participants").
- 3. Offers** Subject to any necessary Shareholder approval, the Board may offer Options or Performance Rights to Eligible Participants for nil consideration.
- 4. Expiry Date** The expiry date of any Options or Performance Rights will be determined by the Board.
- 5. Vesting Conditions and Lapse**

An Option or Performance Right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon the vesting of the Options or Performance Rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles.

An Option or Performance Right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or permanent disablement) and upon misconduct by a participant.
- 6. Shares issued on vesting** Each Option or Performance Right entitles the holder to one fully paid ordinary share on exercise or vesting.
- 7. Transferability and quotation** An Option or Performance Right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the Options or Performance Rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on the exercise of the Options or vesting of the Performance Rights.
- 8. No voting or dividend rights** The Options or Performance Rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Options or Performance Rights are vested and the underlying Shares have been issued.
- 9. No participation rights** The Options or Performance Rights do not entitle the holder to participate in the issue of securities unless the Options or Performance Rights are exercised or vested and Shares have been issued before the record date for determining entitlements.
- 10. Limitation on number of securities** Securities to be issued under the Employee Incentive Plan in any 3 year period must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit being any offer to a person outside

Australia, an offer not requiring disclosure to investors because of section 708 of the Corporations Act or an offer made under a disclosure document.

- 11. Administration of the Employee Incentive Plan**

The Employee Incentive Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Employee Incentive Plan as it considers appropriate.
- 12. Operation**

The operation of the Employee Incentive Plan is subject to the Listing Rules and the Corporations Act.
- 13. Application of Subdivision 83A-C of the *Income Tax Assessment Act 1997 (Cth)***

Subdivision 83A-C (deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997 (Cth)* applies to the Employee Incentive Plan and holders of securities issued under the Employee Incentive Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.

SCHEDULE 2

Terms of Options (Resolution 6)

The terms of the Options are:

1. Each Option entitles the holder to one Share (fully paid ordinary share) upon exercise of the Option.
2. The exercise price of the Options is 8 cents (Exercise Price).
3. The Options are exercisable at any time prior to 5.00 pm WST on 30 September 2022 (Expiry Date).
4. The Options are only transferable with Board approval. The Options are not intended to be quoted.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). Prior to the Expiry Date, the Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Optionholder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11.30am (WST) on Tuesday, 24 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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