

CARAVEL MINERALS LIMITED
ACN 120 069 089

OFFER DOCUMENT
RIGHTS ISSUE

Non-renounceable pro-rata entitlement to one (1) New Share for every twenty (20) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.24 per New Share to raise up to approximately \$4,678,200 (before costs) (Offer).

The Offer opens on 16 May 2022 and closes at 5.00pm (WST) on 25 May 2022 (unless extended). Valid acceptances must be received before the close of the Offer.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders Entitlement to participate in the Offer.

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.

The New Shares offered by this Offer Document should be considered speculative.

IMPORTANT NOTICE

This document is not a prospectus

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 16 May 2022 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 offered by this Offer Document. Nevertheless this document contains important information and requires your immediate attention. It should be read in its entirety. In particular, Shareholders should refer to the risk factors set out in Section 5 of this Offer Document. 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.

Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Corporations (Non-Traditional Offer) Instrument 2016/84 (**ASIC Instrument 2016/84**). In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

Entitlement

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

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 does not, and it not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. In particular, this document may not be distributed to any person, and Shares may not be offered or sold in in any jurisdiction outside Australia except to the extent permitted below.

New Zealand Shareholders

This document has not been registered, filed or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these

securities is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Disclaimer of representatives

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

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

Notice to nominees and custodians

Shareholders holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties

These statements are based on an assessment of present economic and operating conditions and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to public prospective financial information in the future, regardless of whether new information, future event or other factors affect the information contained in this Offer Document, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

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 Stephen Abbott (Managing Director)
Mr Alasdair Cooke (Executive Director)
Mr Richard Monti (Non-Executive Director)

COMPANY SECRETARY

Mr Daniel Davis

SOLICITORS

Jackson McDonald
Level 17, 225 St Georges Terrace
Perth Western Australia 6000

SHARE REGISTRY*

Automic Registry Services
Level 5
191 St Georges Terrace
Perth WA 6000

Tel: 1300 288 664 (within Australia)
Email: hello@automicgroup.com.au
Website: www.automicgroup.com.au

REGISTERED OFFICE

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Email: investors@caravelminerals.com.au
Website: www.caravelminerals.com.au

ASX Code

CVV

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

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1. KEY INFORMATION

SUMMARY OF RIGHTS ISSUE OFFER	
Offer	1 New Share for every 20 Shares held on the Record Date. See Section 3.1.
Issue Price	\$0.24 per New Share. See Section 3.1.
Number of New Shares to be issued	Up to approximately 19,492,501 New Shares will be issued at Full Subscription. 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.
Funds raised	Up to approximately \$4,678,200 will be raised by the Offer at Full Subscription. 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 Offer. See Section 3.1.
Minimum Subscription	Minimum Subscription is \$1,500,000. See Section 3.9.
Use of funds	At Minimum Subscription, funds (including existing funds) are intended to be used to complete work associated with the opportunity to increase throughput at the Caravel Copper Project, progress key milestones for development of the Caravel Copper Project as well as for general working capital and to pay the costs of the rights issue process. The intended application of funds raised beyond Minimum Subscription and up to Full Subscription are set out in the Use of Funds Table in Section 3.2. See Section 3.2.
Not underwritten	The Offer is not underwritten. See Section 3.10.
Entitlement to participate in Offer	All Eligible Shareholders on the Record Date are entitled to participate in the Offer. Option holders are not entitled to participate in the Offer unless they exercise their Options before the Record Date. See Section 3.5.

SUMMARY OF RIGHTS ISSUE OFFER

Shortfall

Eligible Shareholders who are not related parties of the Company 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.

The Company reserves the right to place any further remaining Shortfall (if any) at their discretion within 3 months of the Closing Date.

See Sections 3.11.

Risks

The Offer 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, additional funding, regulatory risk, exploration risk and copper price volatility.

See Section 5.

The potential effect of the Offer on control of the Company

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

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. KEY INFORMATION

2.1 Timetable

Event	Date
Pro-rata Offer announced	9 May 2022
New Shares quoted on an "ex" basis (date from which the New Shares commence trading without the entitlement to participate in the Offer).	11 May 2022
Record Date (date for identifying Shareholders entitled to participate in the Offer).	12 May 2022
Offer Document with Entitlement and Acceptance Form sent to Eligible Shareholders	16 May 2022
Offer opens	16 May 2022
Closing Date (5.00pm (WST)) (last date for lodgement of Entitlement and Acceptance Forms and Application Money)	25 May 2022
Trading of New Shares commences on a deferred settlement basis	26 May 2022
Company to notify ASX notified of the Shortfall (if any)	30 May 2022
Issue of New Shares and end of deferred settlement trading	31 May 2022

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. Should this occur, the variation will have a consequential effect on the anticipated date of issue for the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to the issue of New Shares. In that event, the Application Money will be returned without interest.

2.2 Delivery of Offer Document and Entitlement and Acceptance Forms

The Company is aware that, due to COVID-19, there may be significant postal delivery delays with the potential to impact on Shareholders' ability to receive and return their Offer Document and Entitlement and Acceptance Forms in time to participate in the Offer.

Shareholders who wish to participate in the Offer are encouraged to provide their email address to the Company's share registry to permit electronic delivery of their Entitlement and Acceptance Forms for participation in the Offer.

If you have not provided your email address to the Company's share registry, Automic Group, or if you are unsure, to receive a copy of the Offer Document and a personalised Entitlement and Acceptance Form, please contact the Company Secretary via email at investors@caravelminerals.com.au prior to the Closing Date.

3. DETAILS OF THE OFFER

3.1 The Offer

Eligible Shareholders are invited to participate in a non-renounceable pro-rata entitlements rights issue on the basis of 1 New Share for every 20 Shares (1:20) held as at the Record Date (5.00pm (WST) on 12 May 2022), at an issue price of \$0.24 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

The Company currently has 389,850,017 Shares and 21,234,769 unlisted Options on issue. Based on the current capital structure of the Company, up to approximately 19,492,501 New Shares will be issued under the Offer at Full Subscription to raise up to \$4,678,200 (before the costs of the Offer). 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.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

3.2 Purpose and use of proceeds

The Company has funds of approximately \$1,400,000 as at 13 May 2022. The Offer will increase the total number of Shares on issue and increase our cash reserves by up to \$4,678,200 (before costs).

The table below sets out the proposed application existing funds and funds raised under the Offer assuming both Minimum Subscription and Full Subscription.

Funds Available	Minimum Subscription (\$)	Full Subscription (\$)
Current cash on hand as at 13 May 2022	1,400,000	1,400,000
Funds raised under the Offer	1,500,000	4,678,200
Total funds available	\$2,900,000	\$6,078,200

Use of Funds	Amount (\$)	Amount (\$)
Completion of Prefeasibility Study	200,000	200,000
Commence Definitive Feasibility Study	1,216,647	3,889,223
Social and environmental processes	200,000	200,000
Drilling at Caravel copper project	400,000	400,000
Water Investigations	350,000	850,000
General working capital ¹	500,000	500,000
Costs of the Offer ²	33,353	38,977
Total	\$ 2,900,000	\$ 6,078,200

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 (\$1,500,000) but less than Full Subscription (\$4,678,200), the Company intends to apply the additional funds (after the additional costs of the Offer) to Commence Definitive Feasibility Study and to fund Water Investigations after full funding of the other items.
4. This table is a statement of the Board's current intentions regarding the 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	389,850,017	389,850,017
New Shares issued under Offer	6,250,000	19,492,501
Total Shares on issue after completion of the Offer	396,100,017	409,342,518

In addition to Shares, the Company has on issue the following unlisted Options:

Number of Options	Exercise price	Expiry date
3,215,000	\$0.08	30 June 2022
1,250,000	\$0.08	30 September 2022
13,042,222	\$0.30	30 June 2023
1,727,447	\$0.75	31 May 2023
2,000,000	\$0.30	4 March 2024
21,234,669		

The capital structure on a fully diluted basis as at the date of this Offer Document would be 411,084,686 Shares and on completion of the Offer (assuming all Entitlements are accepted, and no Options are converted into Shares prior to the Record Date) would be 430,577,187 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

3.4 Dilution

Shareholders should not that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 4.7% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Shareholder	Holding as at Records Date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken up	% post Offer
Shareholder 1	25,000,000	6.41%	1,250,000	25,000,000	6.11%

Shareholder	Holding as at Records Date	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken up	% post Offer
Shareholder 2	10,000,000	2.57%	500,000	10,000,000	2.44%
Shareholder 3	5,000,000	1.28%	250,000	5,000,000	1.22%
Shareholder 4	1,000,000	0.26%	50,000	1,000,000	0.24%
Shareholder 5	100,000	0.03%	5,000	100,000	0.02%

3.5 Eligible Shareholders

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

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

3.6 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 and Acceptance 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 and Acceptance Form and lodge it together with payment for the New Shares by no later than the Closing Date (5.00pm (WST) on 25 May 2022). 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.

3.7 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX, and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse and your Entitlement will form part of the Shortfall.

3.8 Closing Date

We will accept applications from the Opening Date until 5.00pm (WST) on 25 May 2022 or such other date as the Directors may determine, subject to the requirements of the Corporations Act and the Listing Rules.

3.9 Minimum Subscription

Minimum Subscription is \$1,500,000.

3.10 Not Underwritten

The Offer is not underwritten.

3.11 **Shortfall**

Any New Shares not applied for by Eligible Shareholders under the Offer 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 and Acceptance Form. Application by Eligible Shareholders with moneys does not guarantee any issue of New Shares under the Shortfall (**Shortfall Shares**). If valid applications are received for Shortfall Shares that would result in the offer being oversubscribed, the Company will not accept such oversubscriptions and will reject or scale back applications at its absolute discretion. All Application Moneys in relation to which Shortfall Shares are not issued 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 Shortfall Shares at their discretion within 3 months of the Closing Date. Such Shortfall may be placed to non-Shareholders. The Directors further reserve the right to pay a fee to Australian financial service licensees or authorised representatives on the funds raised by the placement of Shortfall Shares.

Shortfall Shares will be issued at the same price as the New Shares offered under the Offer. 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.

3.12 **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 Offer 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 Offer 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 Offer.
- (b) In the more likely event that not all Eligible Shareholders subscribe for their full Entitlement (i.e. there is a Shortfall), Eligible Shareholders who do not subscribe for their full Entitlement under the Offer and Excluded Shareholders unable to participate in the Offer 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 4% if nearly all Eligible Shareholders other than you take up their full Entitlement.
- (c) As at the date of this Offer Document, the Company's only substantial holders are Paradise Investment Management which holds a relevant interest 30,635,987 Shares, representing 7.86% of the total number of Shares currently on issue and Alasdair Cooke who holds a relevant interest 25,176,358 Shares, representing 6.46% of the total number of Shares currently on issue. By reason of existing shareholdings in the Company and the structure of the Offer, no Shareholder can increase their voting power beyond 20% by the Offer. 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 Offer 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
Wayne Trumble	400,000	287,908 (exercise price 30 cents and expiry date 30 June 2023)
Stephen Abbott	5,657,144	2,303,262 (exercise price 30 cents and expiry date 30 June 2023)
Alasdair Cooke	25,176,358	2,303,262 (exercise price 30 cents and expiry date 30 June 2023) 2,340,000 (exercise price 8 cents and expiry date 30 June 2022)

Director	Shares	Options
Richard Monti	1,000,000	2,303,262 (exercise price 30 cents and expiry date 30 June 2023) 1,250,000 (exercise price 8 cents and expiry date 30 September 2022)

Mr Trumble, Mr Cooke and Mr Monti intend to take up their Entitlement in full. Mr Abbott intends to take up a portion of his 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. Potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

5.2 Specific risks

Going concern risk

The Company's audit reviewed half-year financial report for the period ending 31 December 2021 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 Group's ability 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, development, operating 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 issues, 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

The Company is seeking to develop the Caravel copper project which is reliant in part upon the price of copper. Further, in the event of any future copper production, the Company's financial performance will be sensitive to the copper price. The copper price is 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, 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, including environmental hazards, industrial issues, technical failures, labour disputes, unusual or unexpected geological formations, hydrogeological conditions including flooding, etc. 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.

Aboriginal Heritage

The Company must comply with Aboriginal heritage legislation requirements which may require heritage survey work to be undertaken ahead of activities.

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

COVID-19 risk

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and the Company's ability to freely move people and equipment to and from exploration areas and may cause delays or cost increases. The effects of COVID-19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. Accordingly, there can be no assurances that mining operations will continue in the future without major interruptions arising from outbreaks of pandemics, including the COVID-19 pandemic.

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 and Acceptance 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 and Acceptance Form. However, you may apply for Shortfall Shares in accordance with Section 3.11 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 and Acceptance 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 and Acceptance 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 (5.00pm (WST) on 25 May 2022).

OR

- Make a payment of \$0.24 for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement and Acceptance Form by no later than the Closing Date (5.00pm (WST) on 25 May 2022). If you take up your Entitlement in full, you may apply for further New Shares as part of the Shortfall in accordance with Section 3.11.

For further details on how to apply for your Entitlement and any Shortfall Shares, please refer to Section 6.4 below.

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 \$0.24 per New Share is payable in full on application.

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

You should ensure that your payment is sent early to ensure that it is received by the Closing Date. If we receive your payment 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.

Payments via EFT

EFT payments should be made in accordance with the instructions on the Entitlement and Acceptance Form using your Unique Reference Number shown on the form.

The Unique Reference Number is used to identify your holding. If you have multiple holdings you will receive multiple Unique Reference Numbers. You must use the Unique Reference Number shown on each Entitlement and Acceptance Form to pay for each holding separately. If you pay by EFT and do not pay your full Entitlement, your remaining Entitlement will lapse.

Your completed EFT acceptance, once paid, cannot be withdrawn. We do not accept any responsibility for incorrectly completed EFT payments. Please note that should you choose to pay by EFT:

- you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money.

It is your responsibility to ensure that funds submitted through EFT are received by the Closing Date. 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.

Payments by BPAY

BPAY payments should be made in accordance with the instructions on the Entitlement and Acceptance Form using the BPAY Biller Code and Customer Reference Number shown on the form.

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 and Acceptance 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. Please note that should you choose to pay by BPAY:

- you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money.

It is your responsibility to ensure that funds submitted through BPAY are received by the Closing Date. 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.

6.5 Issue of New Shares and quotation on ASX

New Shares under the Offer will be issued as soon as practicable after the Closing Date in accordance with the Listing Rules. It is expected that New Shares will be issued and that transaction confirmation statements will be sent to you on or about 31 May 2022. 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. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription under this Offer Document. If permission for quotation is not granted by ASX, the New Shares will not be allotted and Application Money will be refunded (without interest) as soon as practicable.

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

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

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

6.6 Excluded Shareholders

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

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

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand. For further information, please refer to the Important Notice Section at page 2 of this Offer Document under the heading "Overseas shareholders".

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 and Acceptance Form.

The making of an Application (whether by the return of a duly completed Entitlement and Acceptance 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.

6.7 Taxation

There may be taxation implications in relation to the Offer and subscribing for New Shares. These taxation implications vary depending on your individual circumstances.

You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Offer or the New Shares.

6.8 Enquiries concerning the Offer Document or Entitlement and Acceptance Form

Enquiries relating to this Offer Document or how to complete your Entitlement and Acceptance Form should be directed to the Company Secretary on +61 8 9426 6400.

7. GLOSSARY

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

\$	Australian dollars
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 and Acceptance Forms, being 5.00pm (WST) on 25 May 2022 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	<i>Corporations Act 2001 (Cth)</i> .
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 and Acceptance Form	The entitlement and acceptance form accompanying this Offer Document.
Excluded Shareholder	A Shareholder whose registered address is not in Australia or New Zealand as at the Record Date.
Full Subscription	The maximum amount to be raised under the Offer being the sum of \$4,678,200 assuming no existing Options are exercised.
Issue Price	\$0.24 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 \$1,500,000.
New Share	A Share to be issued under this Offer Document.
Offer	The offer to Eligible Shareholders of New Shares under the Offer.
Offer Document	This offer document.
Option	An option to acquire a Share.
Record Date	5.00pm (WST) on 12 May 2022.
Offer	The pro-rata non-renounceable offer conducted pursuant to this Offer Document under which up to approximately 19,492,501 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 20 Shares held at the Record Date at the Issue Price.
Section	A section of this Offer Document.
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 Offer before the Closing Date.
Shortfall Shares	The meaning given to that term in Section 3.11.
WST	Western Standard Time.