

CAVAN VENTURES INC.



TSX Venture Symbol: CVN

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FOR IMMEDIATE RELEASE

May 10, 2011, Vancouver, British Columbia

CAVAN ENTERS LOI FOR ACQUISITION OF QUEBEC RARE EARTH PROJECT, PROPOSED \$1.5 MILLION AND \$1.0 MILLION FLOW-THROUGH FINANCING

Vancouver, British Columbia, CANADA (May 10, 2011) – Cavan Ventures Inc. (TSX.V-CVN), (<http://www.cavanventures.com>) (the "Company") is pleased to announce it has entered into a non-binding Letter Of Intent ("LOI") with Investissements Horizon Inc. ("IHI") of Quebec, to acquire from IHI up to one hundred percent (100%) interest in the Pythonga Lake Rare Earth project ("Pythonga") in the Maniwaki region in the province of Quebec. The 8.3km² Pythonga lake project is comprised of 14 mining claims and is situated 180km northwest of Montreal in the Maniwaki region. The Maniwaki region has recently seen a great deal of exploration activity associated with rare earth elements discoveries.

Cavan will immediately commence a due diligence review of the project. Upon successful completion of the due diligence review the parties will proceed to enter into and execute a definitive agreement with respect to the acquisition by Cavan of up to 100 % interest in the Pythonga project. Cavan will issue a news release to provide an update to its shareholders in connection with the execution of the definitive agreement. The proposed terms to purchase a seventy percent (70%) interest of the property is cash payment of \$50,000 and 2,000,000 common shares of Company stock to IHI. Cavan also agrees to spend \$500,000 for an exploration program on the property over 2 years. Cavan can issue an additional 3,000,000 shares of Company stock to purchase the remaining thirty percent (30%) of the Pythonga project for a total one hundred percent (100%) interest.

Completion of the transaction is subject to a number of conditions, including TSX Venture Exchange acceptance and, if required, shareholder approval. There can be no assurance that the transaction will be completed as proposed or at all.

Cavan intends to complete a non-brokered private placement of up to 7.5 million units to subscribers to residents in Canada and certain offshore jurisdictions at a price of 20 cents (\$0.20) per unit for gross proceeds of up to \$1,500,000. Each unit will comprise one common share of the company and one-half of one non-transferable warrant of the company. Each whole warrant will entitle the holder thereof to acquire one common share of the company at an exercise price of 25 cents (\$0.25) per common share for a period of 18 months after the closing date of the private placement.

Cavan also intends to complete a non-brokered private placement of up to 4 million flow-through units at a price of 25 cents (\$0.25) per unit for gross proceeds of up to \$1,000,000. Each unit will comprise one flow-through common share of the company and one-half of one non-transferable warrant of the company. Each whole warrant will entitle the holder thereof to acquire one non flow-through common share of the company at an exercise price of 30 cents (\$0.30) per common share for a period of 18 months after the closing date of the private placement.

In connection with the private placement, The Company may pay a finder's fee, payable in cash or shares, to certain arm's-length parties in an amount equal to 8 per cent of the total gross proceeds raised under the private placement from subscribers introduced to the company by such parties.

The securities issued under the private placement will be subject to a statutory hold period which will expire four months and one day from the date of the closing of the private placement. The private placement is subject to acceptance by the TSX Venture Exchange and other customary conditions for a transaction of this nature. The proceeds of the private placement will be used for mineral exploration activities of the company and for general working capital purposes.

On behalf of the Board of Directors:

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For further information please visit our website at www.cavanventures.com

This news release contains certain forward-looking statements that reflect the current views and/or expectations of Cavan with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual results and events may vary significantly. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.
