



**CARAVEL MINERALS LIMITED**

**ACN 120 069 089**

**ANNUAL REPORT**

**30 June 2017**

## Corporate Directory

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### DIRECTORS

Mr Marcel Hilmer – Executive Director and Chief Executive Officer (“CEO”)

Mr James Harris – Non-Executive Director

Mr Peter Alexander – Non-Executive Director

### COMPANY SECRETARY

Mr Dale Hanna

### REGISTERED AND PRINCIPAL OFFICE

Level 3, 18 Richardson Street  
West Perth 6005  
Western Australia

Telephone: +61 8 9426 6400  
Facsimile: +61 8 9426 6448  
Internet: [www.caravelminerals.com.au](http://www.caravelminerals.com.au)

### SHARE REGISTER

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

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

### SECURITIES EXCHANGE LISTING

Australian Securities Exchange Limited  
Home Branch – Perth  
Level 40, Central Park  
152-158 St George’s Terrace  
Perth 6000  
Western Australia

### ASX CODE

CVV - Fully paid ordinary shares

### SOLICITORS

Johnson Winter & Slattery  
Lawyers  
Level 4, Westralia Plaza  
167 St Georges Terrace  
Perth 6000  
Western Australia

### AUDITOR

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco 6008  
Western Australia

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## Chief Executive Officer's Report

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DEAR FELLOW SHAREHOLDER,

The past year has seen a continuation of the recovery in the mining sector as investors re-enter the market and a limited number of exploration and development projects have been advanced. This has been driven by the improving commodity price environment and, in particular, the strengthening of the copper price. Year on year the price for copper has increased from under US\$2.20/lb to US\$2.90/lb (26 September 2017). However, there remains significant economic uncertainty, serious international political concerns and consequently, the price increases have not necessarily translated to increased market capitalisations. However, confidence and funding availability has reappeared and the Company's projects have attracted investors at both the corporate and project level.

The Company has, for a fifth consecutive year, incurred zero LTI's and the moving average Lost Time Injury Frequency Rate (LTIFR) was also zero. The Company's safety record remains unblemished and can be attributed to the diligence and training of all staff and contractors together with initiatives and continuous improvements that have been undertaken.

As background, our 100%-owned flagship project, the Calingiri Copper-Molybdenum Project ("Calingiri") is located 120km NE of Perth, near the town of Calingiri and is potentially one of the largest bulk tonnage deposits for copper and molybdenum in Australia. The project hosts a regional trend of copper-molybdenum-silver-gold mineralisation which extends for 30km. Metallurgical test work at Calingiri supports our strategy to develop a large bulk-tonnage copper project.

In April 2016, we were pleased to release the maiden JORC Resource for Calingiri and subsequently announced a JORC Scoping Study on 28 June 2016 for the project. These two significant milestones highlighted by the CSA Global study findings confirmed Calingiri to be a technically and financially robust project with the potential to be a future low-cost, mid-tier copper producer with a Life of Mine operating cash surplus of A\$1.5B (after tax) from revenue of A\$7.1B. Further, the study estimated LOM Operating Cash Cost (C1) of A\$1.50/lb including for the first five years of A\$1.40/lb and a relatively low pre-production Capital Cost of A\$440M with a 3-year payback period.

Further significant announcements were made in 2017 including the reporting on shallow drilling results on 4 April 2017 and the resultant upgrade to existing and new copper and molybdenum zones. A substantial number of highly anomalous intersections were reported which is unusual for this type of shallow drilling and represented a positive leader to potentially higher grade areas within the project which is part of Caravel's strategy to increase the size and grade of the existing JORC Resources at Calingiri.

During the June quarter, we advanced the potential to significantly improve project economics by reviewing bulk ore sorting technology. An announcement was made on 7 July 2017 confirming the appointment of Mitchell River Group (MRG) to complete detailed ore sorting testwork. It is important to mention that a desktop study completed by MRG indicated that sorting of Calingiri ore can significantly reduce project Opex and Capex. If testwork confirms the desktop study, the Calingiri ore grade is expected to be materially beneficiated with significant flow through improvements to the project economics. Positive progress was reported on 31<sup>st</sup> August 2017 and "proof of concept" results are expected before calendar year-end.

In June, we announced that an agreement had been reached with First Quantum Minerals Limited for them to withdraw from the Farm-In Agreement over the Calingiri Project (see original ASX release 1 June 2015). As a result, Caravel will continue with 100% of Calingiri.

We continued to monitor and closely control our corporate overhead costs to meet the significant challenges mentioned above. In 2015 and 2016 combined we achieved a 28% reduction in overheads (Administration Services and Employee Expenses), and in 2017 a further 22% was achieved. The Company was pleased to announce the appointment of Dale Hanna as our CFO and Company Secretary in May 2017. There were no changes to the Board of directors. As mentioned last year, as the sole Executive Director and CEO, it has been deeply satisfying to work with the board and our team to achieve the excellent progress in the past year.

Noting the above achievements and regardless of market uncertainties, it is somewhat disappointing to see the lacklustre performance of the Company's share price. The Board is keenly aware of this and we believe that by continuing to deliver real progress on the ground our shareholders will ultimately be rewarded.

Kind regards, good luck and thank you for taking the time to consider this message.

Yours faithfully,



Marcel Hilmer  
Executive Director and CEO  
28 September 2017

# Directors' Report

## 30 June 2017

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The Directors of Caravel Minerals Limited (the "company") present their report on the consolidated entity (the "group") consisting of Caravel Minerals Limited and its subsidiaries for the year ended 30 June 2017.

### DIRECTORS

The names of directors in office at any time during or since the end of the financial year are:

Mr Marcel Hilmer  
Mr James Harris  
Mr Peter Alexander

All directors held their positions from the beginning of the year to the date of this report.

### QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES OF DIRECTORS

#### MARCEL HILMER

##### **Executive Director and CEO**

Mr Hilmer is a Fellow and long-standing member of the Institute of Chartered Accountants in Australia with more than 25 years' experience in executive management of global public and private organizations. He has significant expertise in international mergers and acquisitions throughout Africa, Europe, Asia and Australia. Mr Hilmer is the CEO of Forsys Metals Corp., a TSX listed uranium developer. Immediately prior to this he was a business development executive with First Quantum Minerals Limited for six years where he was instrumental in effecting a number of First Quantum's significant acquisitions. In addition to Mr Hilmer's extensive mining sector experience, from 1995 to 2004 he was the Director and Head of European Operations for Nifco Inc., a global automotive parts supplier. Other than Forsys Metals Corp. Mr Hilmer does not currently hold or has held in the past three years any directorships of other listed companies.

#### JAMES HARRIS, FAICD

##### **Non-Executive Director**

Mr Harris has had extensive experience in both government and private enterprise in Australia and overseas. He worked for ten years with both Alcoa of Australia and the United Group Limited. His qualifications are in Legal Studies and Public Administration and he is a Fellow of the Australian Institute of Company Directors. He is currently a Director of Swanline Developments Pty Ltd and its associated companies. Mr Harris does not currently hold or has held in the past three years any directorships of other listed companies.

Peter Alexander

##### **Non-Executive Director**

Peter Alexander is a geologist by profession and has over 40 years' experience in mineral exploration and mining in Australia and overseas. Peter was Managing Director and Chief Executive Officer of Dominion Mining Ltd from 1997 until his retirement in January 2008, at which time he continued as a Non-Executive Director until the takeover by Kingsgate Consolidated in 2010. Peter is currently a Non-Executive Director of Kingsgate Consolidated Limited and Non-Executive Director of Doray Minerals Limited. Peter managed the start-up and operation of Dominion's Challenger gold mine in South Australia and, under Peter's management, Dominion won the Gold Mining Journal's "Gold Miner of the Year" three years in succession. Other than stated above, Mr Alexander does not currently hold any directorships or has held in the past three years any directorships of other listed companies.

### DIRECTORS INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

	Interest in Securities at the date of this Report	
	Shares	Unlisted Options
Marcel Hilmer	2,473,594	1,265,492
James Harris	575,734	35,211
Peter Alexander	481,432	17,605

#### DALE HANNA CA AGIA

##### **Company Secretary (appointed 12 May 2017)**

Dale has 15 years' experience in corporate advisory and public company management since commencing his career and qualifying as a chartered accountant with Ernst & Young. Dale has been involved in the financial management of mineral and resource focused public companies in executive teams focusing on advancing and developing mineral resource assets and business development. Dale is also a member of the Governance Institute of Australia.

## Directors' Report

### 30 June 2017

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#### PRINCIPAL ACTIVITIES

The principal activities of the group during the financial year were the exploration of mineral tenements in Western Australia ("WA").

#### DIVIDENDS

No dividends have been declared, provided for or paid in respect of the year ended 30 June 2017.

#### REVIEW OF OPERATIONS AND ACTIVITIES

##### *Summary Review of Activities*

Caravel is a junior explorer domiciled in Perth, Australia and listed on the Australian Securities Exchange (ASX: CVV). The Company is a copper, molybdenum, gold and base metals exploration and resource development company with projects located in WA. Caravel has a technically strong and well-established exploration and mine development team. During the 2017 year the Company focused on the Calingiri Copper Molybdenum Project in WA whilst continuing to rationalise its exploration portfolio from sale or surrender of a number of tenements that were not considered central to the long-term strategy.

As noted, the Company's focus is on its 100%-owned Calingiri Project located 120km NE of Perth, near the town of Calingiri. Calingiri exploration activities progressed the potential of the project. During the year the Company released a number of additional news releases on the progress at Calingiri which are available from the Company website or from the ASX. A brief quarterly summary of those announcements related to the Calingiri Project and corporate are as follows:

<i>Quarter</i>	<i>Announcement</i>
Q1 2016:	A placement was announced to raise \$1.25m. A Bryah project EM survey was commenced. The market was advised that Independent Investment Research had published a research note on the Company
Q2 2016:	AGM results were announced The share placement was successfully completed raising gross proceeds of \$1.25m. Multi-phase Calingiri exploration programs resumed. These included air core drilling and geophysical testing of a potential VMS target. The results of the Bryah EM survey were announced which were not considered sufficiently positive to warrant follow-up drilling.
Q3 2017:	The new exploration programs at Calingiri originally announced in Q2 2016 continued resulting in the announcement of a new VMS style target and four additional copper / molybdenum zones.
Q4 2017:	The appointment of Dale Hanna as the company CFO and Company Secretary. Agreement reached with First Quantum Minerals Limited for them to withdraw from the Farm-In Agreement over Calingiri and as a result, Caravel will continue with 100% ownership. Drilling confirmed Calingiri-style copper / molybdenum mineralisation at Dasher East and Bindi SW.

The company's future activities will focus on further developing the Calingiri Project with the ore sorting testwork program in progress, an updated Scoping Study or Pre-Feasibility Study and additional drilling to further expand the resources.

During the year the company received \$44,219 from the WA Government under the Exploration Incentive Scheme.

# Directors' Report

## 30 June 2017

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### CORPORATE AND FINANCIAL POSITION

The group's net loss from operations for the year was \$1,651,251 (2016: \$892,405).

At 30 June 2017, the group had a cash balance of \$287,689 (2016: \$594,075).

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group had net assets of \$3,466,524 (2016: \$3,773,945). The Directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report the Group believes it can meet all liabilities as and when they fall due.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds through equity issues as and when the need to raise funds arises.

### BUSINESS STRATEGIES AND PROSPECTS

The group currently has the following business strategies and prospects over the medium to long term:

- (i) Seek to maximise the value of the group through successful exploration activities;
- (ii) Selectively expand the group's portfolio of exploration assets; and
- (iii) Examine other new business development opportunities in the mining and resources sector.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the Company raised additional capital of \$1.25m. In addition, there were 1,074,579 shares issued as share based payments of \$81,140 issued to technical consultants and drilling contractors for services received.

On 7 June 2017, the Company announced that that an agreement had been reached with First Quantum Minerals Limited for them to withdraw from the Farm-In Agreement over the Calingiri Project (see original ASX release 1 June 2015). As a result, Caravel will continue with 100% of Calingiri.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 7 July 2017, the Company announced that it had received commitments from investors to raise \$0.8m through the issue of 16.0m shares at an issue price of \$0.05 ("Placement"). Subsequent to shareholder approval, investors participating in the Placement were issued 1 free attaching unlisted option exercisable at \$0.075 for each 2 shares issued, expiring in August 2019. The Company announced on 13 July 2017 that it had issued 13.554m shares under Tranche 1 of the Placement announced for gross proceeds of \$0.8m. On 1 September 2017, the Company announced the successful placement completion. A total of 16.8m shares and 8.4m attaching options were issued for gross proceeds of \$840,000 across both Tranches including \$162,000 in Tranche 2.

On 7 July 2017, the Company announced that the Mitchell River Group had been appointed to commence a detailed study utilizing cutting-edge ore sorting technology to remove barren material from ore prior to milling and processing that may significantly increase ore grade. An update was provided to the market on 31 August 2017.

Except for the matters detailed above, at the date of this report there are no other matters or circumstances, which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- (i) the operations in financial years subsequent to 30 June 2017 of the group;
- (ii) the results of those operations in financial years subsequent to 30 June 2017 of the group; or
- (iii) the state of affairs in financial years subsequent to 30 June 2017 of the group.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the group during the financial period.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Board's current intention that the group will seek to progress exploration on current projects. The group will also continue to examine new opportunities in the mining and resources sector where appropriate.

These activities are inherently risky and there can be no certainty that the group will be able to successfully achieve the objectives.

## Directors' Report

### 30 June 2017

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#### GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

#### MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2017, and the number of meetings attended by each director.

	<b>Board Meetings Number Eligible to attend</b>	<b>Board Meetings Number attended</b>
Marcel Hilmer	3	3
James Harris	3	3
Peter Alexander	3	3

#### INSURANCE OF OFFICERS AND AUDITORS

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$7,554 (2016: \$7,647) exclusive of GST.

#### SHARE OPTIONS ON ISSUE AT THE DATE OF THIS REPORT

##### UNISSUED SHARES

At the date of this report, the unissued ordinary shares of Caravel Minerals Limited under option are as follows

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number under option</b>
17 November 2016	15 December 2018	\$0.120	9,702,809
29 March 2017	28 March 2020	\$0.068	1,400,000
17 May 2017	12 May 2020	\$0.100	400,000
20 August 2017	31 August 2019	\$0.075	8,400,000
30 August 2017	23 August 2020	\$0.060	1,100,000
<b>Total</b>			<b>21,002,809</b>

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

##### SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the financial year, employees and executives did not exercise any options to acquire ordinary shares.

##### NON-AUDIT SERVICES

There were no non-audit services provided during the year by the auditor, BDO Audit (WA) Pty Ltd.

##### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on page 11 of the Annual Report.

# Directors' Report

## 30 June 2017

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### REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. Based on this definition the KMP of Caravel Minerals Limited are the directors of the Company.

#### DETAILS OF KEY MANAGEMENT PERSONNEL

##### **Directors**

Mr Marcel Hilmer	Executive Director and CEO
Mr James Harris	Non-Executive Director
Mr Peter Alexander	Non-Executive Director

There were no changes in KMP after the reporting date and before the date the annual financial report was authorised for issue.

#### REMUNERATION PHILOSOPHY

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives; and
- Link executive rewards to shareholder value.

Due to the early stage of development which the Company is in, shareholder wealth is directly affected by the Company share price, as the Company is not in a position to pay dividends. By remunerating Directors and Executives in part by share based payments, the Company aims to align the interests of Directors and Executives with Shareholder wealth, thus providing individual incentive to perform and thereby improving overall Company performance and associated value.

As the Company has been incorporated since June 2006 and remains in the development stage of an inherently risky industry, the remuneration policy does not currently take into account current or prior year earnings. Other than share based payments made to the directors from time to time, there is no specific link to the Company's performance and directors' remuneration.

#### REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

##### NON-EXECUTIVE DIRECTOR REMUNERATION

###### **Objective**

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors to the highest calibre, whilst incurring a cost which is acceptable to shareholders.

###### **Structure**

The Constitution and the ASX Listing Rules specify that the aggregate directors' fees payable to non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. Shareholders' have approved aggregate directors' fees payable of \$300,000 per year.

The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Company or shareholder wealth. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and subject to shareholder approval, have received or may receive options or shares issued under the Caravel Employee Share Acquisition Plan. This effectively links directors' performance to the share price performance and therefore to the interests of shareholders.

For this reason, there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

During the year ended 30 June 2017 no shares (2016: 363,636 post-consolidation) were issued to Non-Executive Directors under the Caravel Employee Share Acquisition Plan.

During the financial years ended 30 June 2017 and 2016 no options were granted to Non-Executive Directors.

All remuneration paid to Non-Executive Directors is valued at cost to the Company and expensed.

## Directors' Report

### 30 June 2017

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The remuneration of Non-Executive Directors for the years ended 30 June 2017 and 30 June 2016 is detailed below, within this section.

#### EXECUTIVE REMUNERATION

##### **Objective**

The Company aims to reward executives (both directors and company executives) with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company performance;
- Align the interest of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

##### **Structure**

The remuneration policy for executives is to provide a fixed remuneration component and a specific equity related component. The board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director objectives with shareholder and business objectives.

The remuneration policy going forward in regard to setting the terms and conditions for the executive directors has been developed by the board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

##### *Fixed Remuneration*

##### **Objective**

The level of fixed remuneration is set so as to provide a base level of remuneration.

Fixed remuneration is to be reviewed annually and the process consists of a review of company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

##### **Structure**

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration policy going forward in regard to setting the terms and conditions for the executive directors has been developed by the board taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The remuneration of executives for the years ended 30 June 2017 and 30 June 2016 is detailed below, within this section.

##### *Variable Remuneration*

##### **Objective**

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

##### **Structure**

Variable remuneration may be delivered in the form of options, shares or cash bonus. No cash bonuses were granted or paid during the year ended 30 June 2017 or in the prior year.

During the year, Mr Marcel Hilmer was granted 1,100,000 options, subject to shareholder approval, with a strike price of \$0.06 per option, expiring on 23 August 2020. These options were issued to Mr Hilmer on 24 August 2017 being the date shareholders approved the issue in general meeting.

During the year ended 30 June 2017, no shares (2016: 727,273 post-consolidation) were issued to the Executive Director under the Caravel Employee Share Acquisition Plan.

Executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (9.5% for the year ended 30 June 2016) and do not receive any other retirement benefit. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

## Directors' Report

### 30 June 2017

#### EMPLOYMENT CONTRACTS

##### *Executive Director and CEO (current)*

The employment conditions of the Executive Director, Mr Marcel Hilmer, are formalised in a contract of employment which commenced on 20 November 2012 with an initial contract for a two year fixed term, which has now been extended with an end date of 1 August 2019. The total current remuneration package as at 30 June 2017 was \$176,295 per annum inclusive of a 9.5% superannuation contribution.

Notice of at least six months is required for either party to terminate the contract.

#### KEY MANAGEMENT PERSONNEL REMUNERATION

##### REMUNERATION FOR THE YEAR ENDED 30 JUNE 2017

	Short Term	Long Term	Post-	Share Based		Total
	Salary, Fees & Commission s	Benefits LSL	employment Superannuation	Shares	Options	
	\$	\$	\$	\$	\$	\$
<b>Executive Director</b>						
Marcel Hilmer	143,000	8,046	33,295	-	38,610	222,951
<b>Non-Executive Directors</b>						
James Harris	16,000	-	1,520	-	-	17,520
Peter Alexander	16,000	-	1,520	-	-	17,520
<b>Total</b>	<b>175,000</b>	<b>8,046</b>	<b>36,335</b>	<b>-</b>	<b>38,610</b>	<b>257,991</b>

No remuneration was linked to performance during the year.

##### REMUNERATION FOR THE YEAR ENDED 30 JUNE 2016

	Short Term	Long Term	Post-	Share Based		Total
	Salary, Fees & Commission s	Benefits LSL	employment Superannuation	Shares	Options	
	\$	\$	\$	\$	\$	\$
<b>Executive Director</b>						
Marcel Hilmer	143,000	12,480	32,478	35,989	-	(1) 223,947
<b>Non-Executive Directors</b>						
James Harris	16,000	-	1,520	8,997	-	26,517
Peter Alexander	16,000	-	1,520	8,997	-	26,517
<b>Total</b>	<b>175,000</b>	<b>12,480</b>	<b>35,518</b>	<b>53,983</b>	<b>-</b>	<b>276,981</b>

(1) Total remuneration varies to the contract amount due to movements in the annual leave provision

No remuneration was linked to performance during the year.

## Directors' Report

### 30 June 2017

#### SHARE BASED COMPENSATION

##### SHARES ISSUED

Shareholders approved the establishment of the Caravel Employee Share Acquisition Plan at a general meeting on 13 March 2013. The Company believes that the share acquisition plan provides eligible employees and Directors effective incentive for their ongoing commitment and contribution to the Company. Eligible employees and Directors offered shares under the scheme are provided a limited recourse, interest free loan to be used to subscribe for the shares in the Company.

No shares were issued to KMP's under the scheme during the year ended 30 June 2017 (June 2016: 1,090,909 post-consolidation). The following shares are held by KMP under the terms of the plan.

	Date shares granted	Number of Shares Granted <sup>(1)</sup>	Issue Price <sup>(1)</sup>	Value of shares granted	Shares vested at 30 June 2017 <sup>(2)</sup>	Vested %	Value of shares to be vested	Vesting date unvested shares
Marcel Hilmer	12-Nov-2015	727,273	\$0.107	\$78,000	2016: 727,273	100%	-	-
	15-Mar-2013	340,910	\$0.607	\$72,000	2014: 170,455	100%	-	-
					2013: 170,455	100%	-	-
James Harris	12-Nov-2015	181,818	\$0.107	\$19,500	2016: 181,818	100%	-	-
	6-Nov-2013	136,364	\$0.294	\$13,875	2015: 68,182	100%	-	-
					2014: 68,182	100%	-	-
Peter Alexander	12-Nov-2015	181,818	\$0.107	\$19,500	2016: 181,818	100%	-	-
	6-Nov-2013	136,364	\$0.294	\$13,875	2015: 68,182	100%	-	-
					2014: 68,182	100%	-	-

<sup>(1)</sup> Shares were issued pre-consolidation and quantity and price have been converted using the consolidation formula of 22 to 1

<sup>(2)</sup> Shares post-consolidation

For details on the valuation of the shares, including models and assumptions used, please refer to Note 19 in the Consolidated Financial Statements.

##### OPTIONS GRANTED

During the year, Mr Marcel Hilmer was granted 1,100,000 options, subject to shareholder approval, with a strike price of \$0.06 per option, expiring on 23 August 2020. These options were issued to Mr Hilmer on 24 August 2017 being the date shareholders approved the issue in general meeting.

Date of grant	29/03/2017
Number of options	1,100,000
Dividend yield (%)	0%
Expected volatility (%)	92.06%
Risk free interest rate (%)	1.62%
Expected life of the option (years)	3.00
Option exercise price (\$)	\$0.07
Fair value per options (\$)	\$0.0351
Share price at grant date (\$)	\$0.06

No other options were granted or issued to Directors or other KMP for the years ending 30 June 2017.

No compensation options were exercised during the year.

# Directors' Report

## 30 June 2017

### ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

#### SHAREHOLDING

The number of shares in the company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at beginning of year	Granted as remuneration	Net change other <sup>(1)</sup>	Balance 30 June 17
Marcel Hilmer	2,109,109	-	364,485	2,473,594
James Harris	505,312	-	70,422	575,734
Peter Alexander	446,221	-	35,211	481,432
	<b>3,060,642</b>	<b>-</b>	<b>470,118</b>	<b>3,530,760</b>

<sup>(1)</sup> Shares purchased by KMP

#### Option holding

The number of options over ordinary shares in the company held during the financial year by KMP of the consolidated entity, including related parties, is set out below:

	Balance at beginning of year	<sup>(1)</sup> Net change other	<sup>(2)</sup> Options expired	Balance at end of year	Vested at 30 June 2017		
					Total	Exercisable	Not exercisable
<b>Directors</b>							
Marcel Hilmer <sup>(3)</sup>	217,284	165,492	(217,284)	165,492	165,492	165,492	-
James Harris	51,200	35,211	(51,200)	35,211	35,211	35,211	-
Peter Alexander	51,200	17,605	(51,200)	17,605	17,605	17,605	-
	<b>319,684</b>	<b>218,308</b>	<b>(319,684)</b>	<b>218,308</b>	<b>218,308</b>	<b>218,308</b>	<b>-</b>

<sup>(1)</sup> Options attached to shares purchased by KMP

<sup>(2)</sup> Listed options expired

<sup>(3)</sup> During the year, Mr Marcel Hilmer was granted 1,100,000 options, subject to shareholder approval, with a strike price of \$0.06 per option, expiring on 23 August 2020. These options were issued to Mr Hilmer on 24 August 2017 being the date shareholders approved the issue in general meeting.

#### Other transactions with KMP

During the year ending 30 June 2017 \$50,400 was received from a public company, of which Mr Marcel Hilmer is a director, for provision of serviced offices (2016: \$52,000) and was credited to the profit or loss.

### USE OF REMUNERATION CONSULTANTS

The company did not use the services of any remuneration consultants during the year.

### VOTING AND COMMENTS MADE AT THE COMPANY'S 2016 ANNUAL GENERAL MEETING

At the 2016 Annual General Meeting held on 27 October 2016 the company's shareholders did not record a vote of more than 25% against the Remuneration Report and no questions were raised at the meeting in relation to the Remuneration Report.

### LOANS TO KEY MANAGEMENT PERSONNEL

No loans to key management personnel were provided during the period or up to the date of signing this report.

### END OF AUDITED REMUNERATION REPORT

Signed in accordance with a resolution of the directors.



Marcel Hilmer  
Executive Director & CEO  
Perth  
28 September 2017

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF CARAVEL MINERALS LIMITED

As lead auditor of Caravel Minerals Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Caravel Minerals Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2017

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	<i>Note</i>	2017 \$	2016 \$
Revenue from continuing operations	5(a)	98,597	237,477
Other income	5(b)	44,219	343,253
Administration services		(347,129)	(464,767)
Depreciation expense	12	(17,338)	(24,620)
Employee expenses	5(c)	(665,016)	(828,063)
Exploration expenses		(664,584)	(249,028)
Impairment of exploration expenditure	13	(100,000)	100,000
Finance expenses		-	(6,657)
Loss from continuing operations before income tax expense		(1,651,251)	(892,405)
Income tax expense	8	-	-
Loss from continuing operations		(1,651,251)	(892,405)
Loss for the year		(1,651,251)	(892,405)
Other comprehensive income			
Other comprehensive (loss) income for the year net of taxes		-	-
Comprehensive loss attributable to the shareholders of the Company		(1,651,251)	(892,405)
Comprehensive (loss) income attributable to the shareholders of the Company arises from:			
Continuing activities		(1,651,251)	(892,405)
Discontinued operations		-	-
		(1,651,251)	(892,405)
Basic and diluted loss per share (cents per share) for continuing operations attributable to the shareholders of the Company	6	(2.60)	(1.91)
Basic and diluted loss per share (cents per share) attributable to the shareholders of the Company	6	(2.60)	(1.91)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

## Consolidated Statement of Financial Position As at 30 June 2017

	Note	2017 \$	2016 \$
<b>Current Assets</b>			
Cash and cash equivalents	9	287,689	594,075
Trade and other receivables	10	18,223	59,496
Other current assets	11	57,462	60,200
<b>Total Current Assets</b>		<b>363,374</b>	<b>713,771</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	101,915	131,844
Exploration and evaluation expenditure	13	3,107,811	3,207,811
<b>Total Non-Current Assets</b>		<b>3,209,726</b>	<b>3,339,655</b>
<b>TOTAL ASSETS</b>		<b>3,573,100</b>	<b>4,053,426</b>
<b>Current Liabilities</b>			
Trade and other payables	14	65,283	197,297
Provisions	15	41,293	82,184
<b>Total Current Liabilities</b>		<b>106,576</b>	<b>279,481</b>
<b>TOTAL LIABILITIES</b>		<b>106,576</b>	<b>279,481</b>
<b>NET ASSETS</b>		<b>3,466,524</b>	<b>3,773,945</b>
<b>EQUITY</b>			
Share capital	16(a)	39,880,018	38,661,548
Accumulated loss		(39,156,828)	(37,505,577)
Reserves		2,743,334	2,617,974
<b>TOTAL EQUITY</b>		<b>3,466,524</b>	<b>3,773,945</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes*

## Consolidated Statement of Changes in Equity For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Share capital</b>			
<b>Common shares</b>			
Balance as at beginning of year		38,661,548	36,672,676
Share issuance net of costs	16(a)	1,218,470	1,988,872
Balance as at end of year		39,880,018	38,661,548
<b>Total share capital</b>		39,880,018	38,661,548
<b>Accumulated loss</b>			
Balance as at beginning of year		(37,505,577)	(36,613,172)
Loss for the year attributable to shareholders of the Company		(1,651,251)	(892,405)
<b>Total accumulated loss</b>		(39,156,828)	(37,505,577)
<b>Reserves</b>			
<b>Share based payments reserve</b>			
Balance as at beginning of year		2,607,735	2,453,639
Share based compensation	18	125,360	154,096
Balance as at end of year		2,733,095	2,607,735
<b>Converted option reserve</b>			
Balance as at beginning of year		10,239	10,239
Options converted		-	-
Balance as at end of year		10,239	10,239
<b>Total reserves</b>		2,743,334	2,617,974
<b>Total comprehensive loss for the year</b>		(1,651,251)	(892,405)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

## Consolidated Statement of Cash Flows For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Interest received		5,733	7,634
Interest paid		-	(2,582)
Government grants		44,219	198,185
Receipt of farm-in funds		-	1,364,896
Payments to suppliers and employees		(1,044,248)	(1,187,573)
Payments for exploration and evaluation expenditure		(583,444)	(1,403,155)
<b>Net cash used in operating activities</b>	9(b)	<b>(1,577,740)</b>	<b>(1,022,595)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tenements		-	400,000
Proceeds from receipt of security deposits		10,000	-
Proceeds / (Payments) for property, plant and equipment		100,455	(83,042)
<b>Net cash provided by investing activities</b>		<b>110,455</b>	<b>316,958</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,250,000	1,451,940
Share issue costs		(89,100)	(98,642)
Repayment of borrowings		-	(200,000)
<b>Net cash inflow from financing activities</b>		<b>1,160,900</b>	<b>1,153,298</b>
<b>Increase(decrease) in cash and cash equivalents held</b>		<b>(306,386)</b>	<b>447,661</b>
Cash and cash equivalents at the beginning of the financial year		594,075	146,414
<b>Cash and cash equivalents at the end of the financial year</b>	9(a)	<b>287,689</b>	<b>594,075</b>

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes*

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2017

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### 1. CORPORATE INFORMATION

The annual report of Caravel Minerals Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 28 September 2017.

Caravel Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of operations and principal activities of the Company are described in the Directors' Report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Caravel Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

#### **Compliance with IFRS**

These financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### b) New and revised accounting standards

In the year ended 30 June 2017, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

#### c) Principles of consolidation

##### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Caravel Minerals Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Caravel Minerals Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in note 4 to the financial statements.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### c) Principles of consolidation

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### d) Foreign currency transactions and balances

##### *Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Caravel Minerals Limited's functional and presentation currency.

##### *Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the profit or loss.

##### *Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

#### e) Investments and other financial assets

##### *Classification*

The group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

##### *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

# Notes to the Consolidated Financial Statements

## For the Year Ended 30 June 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### e) Investments and other financial assets

##### *Measurement*

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in other comprehensive income.

##### *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities held at cost less impairment, including recent arm's length transactions, reference to similar instruments and option pricing models.

##### *Impairment of assets*

The consolidated entity assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and included in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through profit or loss.

##### *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and reward of ownership. When the securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in profit or loss as gains and losses for investment securities.

#### f) Exploration and evaluation expenditure

Exploration and evaluation costs are expensed as incurred as an operating cost of the Group. Costs related to the acquisition of properties that contain mineral resources are capitalised and allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

#### g) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

##### *Depreciation*

Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used are as follows:

Plant and equipment	30%
Exploration equipment	25%
Vehicles	30%
Leasehold improvements	25%
Computer equipment and software	40%
Buildings	2.5%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

##### *Derecognition*

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of profit or loss and other comprehensive income.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### h) Impairment of assets

Caravel Minerals Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

#### i) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

##### *Interest*

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying value amount of the financial asset.

##### *Government Grants*

Government grant revenue is measured at the fair value of the consideration received or receivable.

#### j) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Caravel Minerals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2013. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

#### k) Cash and cash equivalents

"Cash and cash equivalents" includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### l) Trade and other receivables

Trade receivables are initially recognised and carried at original invoice amount less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition. A provision for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

##### *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

#### m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

##### *Company as a lessee*

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

#### n) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for the goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days.

#### o) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a corporate bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

##### *Employee leave benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

#### p) Share based payments

The Group provides benefits to Directors, employees, consultants and other advisors of the Group in the form of share-based payments, whereby the Directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the market price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient becomes fully entitled to the award (the vesting period).

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### p) Share based payments

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 6).

Under the employee share scheme, shares are issued to employees by providing interest free loans and will vest over the restriction period. The shares are held by the Trust until the loan is repaid. Within the loan period the employee must have paid off the loan balance, at which point the shares are delivered to the employee, or surrendered the shares. Surrender of the shares by the employee after the restriction period, is treated as discharging any outstanding amount on the loan, irrespective of the value of the shares.

The effect of such an arrangement is equivalent to an option with a strike price per share equal to the share price on grant date.

#### q) Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### r) Earnings per share (EPS)

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 2. SIGNIFICANT ACCOUNTING POLICIES

#### t) Segment reporting

AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Executive Officer ("CEO").

#### u) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

#### v) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

#### w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Certain convertible notes issued by the Group which include embedded derivatives (option to convert to variable number of shares in the Group) are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised on the profit or loss as finance costs.

#### x) Going Concern

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss of \$1,651,251 during the year ended 30 June 2017 and as of that date the Group had current assets of \$363,374 (30 June 2016: \$713,771) including cash and cash equivalents of \$287,689 (30 June 2016: \$594,075). Net cash used in operating activities for the period was \$1,577,740 (2016: \$1,022,595).

These conditions indicate a material uncertainty that may cast doubt about the ability of the Group to continue as a going concern. The ability of the Group to continue as a going concern is principally dependent upon its ability to secure funds by raising capital from equity markets or by other means, and by managing cash flows in line with available funds, and/or the successful development of its exploration assets.

The Directors are confident of the ability of the Company to potentially raise capital as and when required, which has been demonstrated by the Company raising \$1.25m before costs during the 2017 calendar year and a further \$0.8m before costs post year end. The Directors are satisfied there are sufficient funds to meet the Group's working capital requirements as at the date of this report.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds as and when the need to raise funds arises. Should the entity 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

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### y) New accounting standards and interpretations that are not yet mandatory

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

##### (i) AASB 9 Financial Instruments

This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the financial instruments standard. The consolidated entity will adopt this standard from 1 July 2018 and there will be no significant impact on the group.

##### (ii) AASB 15 Revenue from Contracts with Customers

This new standard addresses the recognition of revenue and will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise any applicable transitional adjustments in retained earnings on the date of the initial application (i.e. 1 July 2018) without restating the comparative period. Entities will only need to apply the new rules to contracts that are not completed as of the date of initial application. The group will adopt the standard from 1 July 2018 and there will be no significant impact on the group.

##### (iii) AASB 2015-2 Amendments to AASB 101 – Presentation of Financial Statements

These amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. The amendments also clarify that companies should use professional judgment in determining where and in what order in formation is to be presented in the financial disclosures. The adoption of these amendments from 1 July 2016 will not have a significant impact on the group.

##### (iv) AASB 16 Leases

This standard substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. The adoption of these amendments from 1 July 2019 will not have a significant impact on the group.

##### (v) AASB 2016-1 Amendments to AASB 112 – Income Taxes

This standard amends AASB 112 Income Taxes to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The adoption of these amendments from 1 July 2017 will not have a significant impact on the group.

##### (v) AASB 2016-2 Amendments to AASB 107 – Statement of Cash Flows

This standard amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The adoption of these amendments from 1 July 2017 will not have a significant impact on the group.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### **Significant accounting judgements**

##### *Determination of mineral resources*

The determination of mineral resources impacts the accounting for asset carrying values. Caravel Minerals Limited estimates its mineral resources in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012* (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

#### **Significant accounting estimates and assumptions**

##### *Impairment of capitalised exploration and evaluation expenditure*

Exploration and evaluation expenditure is assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation expenditure is assessed for indicators of impairment in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration and/ or evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit that is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy note 2(f).

Judgement is applied when considering whether fact and circumstances as per above indicate that the exploration and evaluation asset should be tested for impairment and no impairment indicators were noted during the year.

##### *Share-based payment transactions*

The Group measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined by the Company Secretary using a Black-Scholes model, with the assumptions detailed in Note 19. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 4. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Class of shares	Equity holding 30 June 2017 & 2016	Date of incorporation
Quadrio Resources Pty Ltd	Australia	Ordinary	100%	11 June 1985
Caravel Employee Share Plan Pty Ltd	Australia	Ordinary	100%	13 March 2013
Caravel Resources Netherlands Cooperatief U.A.	Netherlands	Ordinary	99.999%	16 July 2012

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

	2017 \$	2016 \$
<b>5. REVENUE AND EXPENSES</b>		
<i>(a) Revenue from continuing operations</i>		
Interest revenue	5,733	7,634
Management fees	-	229,843
Profit on disposal of plant and equipment	92,864	-
	<u>98,597</u>	<u>237,477</u>
<i>(b) Other income</i>		
Government EIS Grant	44,219	26,154
Government R&D rebate	-	172,031
Gain on settlement of financial liability	-	145,068
	<u>44,219</u>	<u>343,253</u>
<i>(c) Employee expenses</i>		
Directors Fees	70,275	32,000
Salaries and wages	490,198	589,719
Termination payments	5,643	17,397
Superannuation	52,041	57,270
Leave provisions	(40,891)	8,129
Share based payments expense	87,750	123,548
	<u>665,016</u>	<u>828,063</u>
<i>(d) Other share based payments (SBP)</i>		
SBP consultants – included in Administration expenses	14,040	10,148
SBP drilling contractors – included in Exploration expenses	81,140	172,412

## 6. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

Net loss used in calculating basic and diluted loss per share:	(1,651,251)	(892,405)
	<u>(1,651,251)</u>	<u>(892,405)</u>
	<b>2017</b>	2016
	<b>No. of Shares</b>	No. of Shares
Weighted average number of ordinary shares and potential ordinary shares used in calculating basic loss per share	<b>63,526,590</b>	46,798,821
Effect of dilutive securities (see below)	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted loss per share	<b>63,526,590</b>	46,798,821
Basic and diluted loss per share (cents)	<b>2.60</b>	1.91

### *Non-dilutive securities*

As at reporting date, 11,502,809 (2016: 11,799,598) unlisted options and Nil (2016: Nil) listed options (which represent potential ordinary shares) were not dilutive as they would decrease the loss per share.

### *Conversions, calls, subscriptions or issues after 30 June 2017*

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

### 7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the mining industry and are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

### 8. INCOME TAX

(a) The major components of income tax are:

#### Current income tax

Current income tax benefit	<b>(484,310)</b>	(272,287)
Current income tax benefit not recognised	<b>484,310</b>	272,287

#### Deferred income tax

Relating to the origination and reversal of temporary differences	<b>20,644</b>	(9,629)
Deferred tax assets not brought to account as their realisation is not regarded as probable	<b>(20,644)</b>	9,629
Income tax (benefit)/expense recorded in the statement of profit or loss and other comprehensive income	<b>-</b>	-

(b) A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Company's applicable income tax rate is as follows:

Accounting loss before tax from continuing operations	<b>(1,651,251)</b>	(892,405)
Loss before income tax from discontinued operations	-	-
Accounting loss before income tax	<b>(1,651,251)</b>	(892,405)
At the Company's statutory income tax rate of 30% (2015: 30%)	<b>(495,375)</b>	(267,722)
Non-deductible expenses	<b>1,172</b>	351
Share based payments	<b>30,537</b>	37,064
Research & development tax offset prior year adjustment	-	(51,609)
Deferred tax assets not brought to account as their realisation is not regarded as probable	<b>463,666</b>	281,916
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	<b>-</b>	-
Income tax attributable to discontinued operations	<b>-</b>	-

No R&D tax rebate has been recognised in other income (2016: \$172,031).

**Notes to the Consolidated Financial Statements  
For the Year Ended 30 June 2017**

	Statement of Financial Position		Statement of Profit & Loss and Other Comprehensive Income	
	2017 \$	2016 \$	2017 \$	2016 \$
(c) <i>Deferred income tax</i>				
Deferred income tax at 30 June relates to the following:				
<b>Deferred Tax Liabilities</b>				
Exploration and evaluation assets	(932,343)	(962,343)	-	-
Recognition of losses to offset future taxable income	932,343	962,343	-	-
	-	-	-	-
<b>Deferred Tax Assets</b>				
Accruals	9,018	8,340	(678)	26,796
Provisions	12,388	24,655	12,267	(2,438)
Section 40-880 deductions	25,416	66,960	41,554	20,302
Australian losses available to offset against future taxable income	12,750,653	12,266,343	484,310	152,331
Australian capital losses available to offset against future taxable income	286,109	286,109	(286,109)	(286,109)
Foreign losses available to offset against future taxable income	2,480	2,480	-	-
Recognition of losses to offset future taxable income	(932,343)	(962,343)	(30,000)	(90,000)
Deferred tax assets not brought to account as their realisation is not regarded as probable	(12,153,721)	(11,692,544)	461,177	179,118
	-	-	-	-

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

		2017 \$	2016 \$
<b>9. CASH AND CASH EQUIVALENTS</b>			
<i>(a) Reconciliation to the Statement of Financial Position and Statement of Cash Flows</i>			
Cash at bank and on hand	20(c)	287,689	594,075
<i>(b) Reconciliation of net loss after income tax expense to net cash outflow from operating activities</i>			
Net loss after income tax expense		(1,651,251)	(892,405)
<i>Adjustment for non-cash income and expense items</i>			
Share based payments		182,930	306,108
Depreciation expense		17,338	24,620
Profit on disposal of plant and equipment		(41,364)	-
Impairment of tenements		100,000	(100,000)
<i>Changes in assets and liabilities</i>			
(Increase)/decrease in receivables		41,273	(8,707)
Increase in other current assets		(7,262)	(1,000)
Decrease in payables		(178,513)	(322,195)
Decrease in advance payments		-	(37,145)
Decrease in provisions		(40,891)	8,129
Net cash outflow from operating activities		(1,577,740)	(1,022,595)

### *(c) Significant Non-Cash Financing and Investing Activities*

On 7 November 2016, the Company issued 8,802,809 free attaching unlisted options to security holders participating in a capital raise.

On 7 November 2016, the Company issued 400,000 unlisted options to an advisor of the Company as a placement fee for capital raising services. The options granted have been valued at \$10,920 using a Black-Scholes calculation (refer to note 19). The value of the services could not be reliably determined and therefore, were measured at their fair value being the value of the Black-Scholes calculation.

On 24 January 2017, the Company issued 500,000 unlisted options to an advisor of the Company as a placement fee for capital raising services. The options granted have been valued at \$12,650 using a Black-Scholes calculation (refer to note 19). The value of the services could not be reliably determined and therefore, were measured at their fair value being the value of the Black-Scholes calculation.

### *(d) Credit Standby Arrangements with Banks*

At reporting date, the Group had no used or unused financing facilities (2016: nil).

## 10. TRADE AND OTHER RECEIVABLES

Trade debtors	18,100	59,496
GST receivable	123	-
	18,223	59,496

THE GROUP'S MANAGEMENT CONSIDERS THAT ALL OF THE ABOVE FINANCIAL ASSETS THAT ARE NOT IMPAIRED OR PAST DUE FOR EACH OF THE 30 JUNE REPORTING DATES UNDER REVIEW ARE OF GOOD CREDIT QUALITY (REFER TO NOTE 20).

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

	2017 \$	2016 \$
<b>11. OTHER CURRENT ASSETS</b>		
Bank term deposits – securing guarantees	49,000	59,000
Rental bond	1,000	1,000
Security deposits	200	200
Other	7,262	-
	<u>57,462</u>	<u>60,200</u>
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings – at cost	72,921	72,921
Accumulated depreciation	(1,107)	-
Net carrying amount	<u>71,814</u>	<u>72,921</u>
Computer equipment – at cost	110,792	110,792
Accumulated depreciation	(105,394)	(101,795)
Net carrying amount	<u>5,398</u>	<u>8,997</u>
Vehicles – at cost	182,810	208,490
Accumulated depreciation	(169,999)	(189,116)
Net carrying amount	<u>12,811</u>	<u>19,374</u>
Exploration equipment – at cost	91,527	182,457
Accumulated depreciation	(81,302)	(154,492)
Net carrying amount	<u>10,225</u>	<u>27,965</u>
Office equipment – at cost	16,858	16,858
Accumulated depreciation	(16,056)	(15,713)
Net carrying amount	<u>802</u>	<u>1,145</u>
Software – at cost	54,755	54,755
Accumulated depreciation	(53,890)	(53,313)
Net carrying amount	<u>865</u>	<u>1,442</u>
Total property, plant and equipment	529,664	646,273
Accumulated depreciation	(427,748)	(514,429)
<b>Net carrying amount</b>	<u><u>101,915</u></u>	<u><u>131,844</u></u>
<i>(a) Reconciliations</i>		
Land and buildings		
Balance at the beginning of year	72,921	-
Additions	-	72,921
Depreciation expense	(1,107)	-
Balance at end of year	<u>71,814</u>	<u>72,921</u>
Computer equipment		
Balance at the beginning of year	8,997	4,346
Additions	-	10,121
Depreciation expense	(3,599)	(5,470)
Balance at end of year	<u>5,398</u>	<u>8,997</u>
Vehicles		
Balance at the beginning of year	19,374	27,709
Disposals	(949)	-
Depreciation expense	(5,614)	(8,335)

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

	2017 \$	2016 \$
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
Balance at end of year	12,811	19,374
Exploration equipment		
Balance at the beginning of year	27,965	37,321
Disposals	(11,642)	-
Depreciation expense	(6,098)	(9,356)
Balance at end of year	10,225	27,965
Office equipment		
Balance at the beginning of year	1,145	1,638
Depreciation expense	(343)	(493)
Balance at end of year	802	1,145
Software		
Balance at the beginning of year	1,442	2,408
Depreciation expense	(577)	(966)
Balance at end of year	865	1,442
<b>Total</b>		
Balance at the beginning of year	131,844	73,422
Additions	-	83,042
Disposals	(12,591)	-
Depreciation expense	(17,338)	(24,620)
<b>Balance at end of year</b>	<b>101,915</b>	<b>131,844</b>

### 13. EXPLORATION & EVALUATION EXPENDITURE

The Group has exploration costs carried forward in respect of areas of interest:

**Areas of interest:**

Calingiri tenements	3,107,811	3,107,811
Wynberg tenements	-	-
Bryah tenements	-	100,000
	<b>3,107,811</b>	<b>3,207,811</b>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

*Reconciliation:*

Calingiri tenements		
Balance at the beginning of year	3,107,811	3,107,811
Change in purchase related costs of mining tenements	-	-
Balance at end of year	3,107,811	3,107,811
Wynberg tenements		
Balance at the beginning of year	-	300,000
Disposal of mining tenements	-	(400,000)
Impairment	-	100,000
Balance at end of year	-	-
Bryah tenements		
Balance at the beginning of year	100,000	100,000
Impairment	(100,000)	-
Balance at end of year	-	100,000

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

### 13. EXPLORATION & EVALUATION EXPENDITURE

#### CALINGIRI FARM-OUT

On 8 July 2015 the Group executed a Farm-in and Joint Venture Agreement ("FIA") with First Quantum Minerals (Australia) Pty Ltd ("FQM") in relation to the Calingiri Project. During the year ended 30 June 2017 the following earning funds were received from FQM and distributed for earning expenditure:

	2017 \$	2016 \$
Funds received	-	1,364,896
Earning expenditure	-	(1,149,214)
Farm-in manager allowance (including GST)	-	(252,827)
Receivable balance at year end	-	(37,145)

#### (a) Accounting for farm-outs

The Group may enter into transactions whereby a third party ("Farmee") may earn a right to acquire an interest in assets owned by the Group by meeting certain obligations agreed to by both parties. The group applied the following accounting policy for the FQM farm-out arrangement entered into during the prior reporting period:

- Contributions by FQM pursuant to the farm-in, are initially classified as a liability until such time as the expenditure is incurred for exploration activities.
- Caravel does not recognise any expenditure that is settled by FQM.
- Should FQM earn a vested interest in the tenements, Caravel transfers to profit or loss a corresponding proportion of the costs capitalised by the Company over the life of the project, in order to calculate the gain or loss on the disposal that has occurred.

### 14. TRADE AND OTHER PAYABLES

Trade payables <sup>(1)</sup>	24,671	169,497
Accrued interest	-	-
Other payables	40,612	27,800
	65,283	197,297

#### (1) Terms & Conditions

Trade creditors are non-interest bearing and are normally settled on 30 days terms.

### 15. PROVISIONS

Employee benefits	41,293	82,184
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#### Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$26,043 (June 2016: \$43,869) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Current leave obligations expected to be settled after 12 months	15,250	38,315
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The measurement and recognition criteria relating to employee benefits have been included in Note 2(o) to this report.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

### 16. CONTRIBUTED EQUITY

<b>(a) Issued and paid up capital</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
68,429,777 (2016: 49,749,575) fully paid ordinary shares	39,639,701	38,661,548
<b>(b) Movement in shares on issue</b>		
	<b>Number</b>	<b>\$</b>
<i>(1) Ordinary Shares</i>		
Balance – 1 July 2015	745,938,533	36,672,676
Issue of Shares:		
Capital raising	207,420,006	1,451,940
Loan conversion	48,356,154	483,562
Loan facilitation fee	1,500,000	-
Contractor share based payments	12,214,354	172,412
Less Transaction costs	-	(119,042)
Issue of shares Employee Share Scheme (net of forfeitures)	54,336,380	-
Share consolidation 22:1 <sup>(i)</sup>	(1,020,015,852)	-
Balance – 30 June 2016	49,749,575	38,661,548
Issue of Shares:		
Capital raising	17,605,623	1,250,000
Less Transaction costs	-	(389,477)
Contractor share based payments	1,074,579	81,140
Balance – 30 June 2017	68,429,777	39,603,211
<i>(2) Treasury Shares</i>		
	<b>Number</b>	<b>Number</b>
Shares held by the Caravel Employee Share Plan Trust	(3,695,244)	(3,695,244)
<i>(3) Performance Shares</i>		
Balance 1 July 2015	2,000,000	2,000,000
Cancellation and conversion	(2,000,000)	(2,000,000)
Balance – 30 June 2016	-	-
Cancellation and conversion	-	-
Balance – 30 June 2017	-	-

(i) Approval for the 22:1 share consolidation was obtained at the AGM held 11 November 2015.

### **(c) Terms and conditions of contributed equity**

#### *Ordinary Shares*

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

### **(d) Listed options**

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Outstanding at the beginning of the year	-	166,595,588
Consolidation 22:1	-	(159,022,997)
Expired or lapsed during the year	-	(7,572,591)
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

### (e) Unlisted options

	<b>2017 Number</b>	2016 Number
Outstanding at the beginning of the year	11,799,598	159,467,949
Issued	11,502,809	120,122,507
Consolidation 22:1	-	(266,881,767)
Expired or lapsed during the year	(11,799,598)	(909,091)
Outstanding at the end of the year	11,502,809	11,799,598
Exercisable at the end of the year	11,502,809	11,799,598

#### (i) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2017 is 1.77 years (2016: 0.58 years).

#### (ii) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was \$0.12 - \$0.068 (2016: \$0.165 - \$0.77).

#### (iii) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.029 (2016: \$0.012).

### (f) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

Being at an exploration stage, the Company does not generate cash inflows from its operations to fund its exploration and working capital requirements, therefore, the Company may issue shares to either generate cash for operations or to acquire assets in order to maintain adequate levels of cash reserves.

During the financial year ended 30 June 2017, the Company issued 18,680,202 ordinary shares (2016: 14,719,404 ordinary shares post-consolidation).

The Company is not subject to any externally imposed capital requirements.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

### 17. RELATED PARTIES

#### (a) Transactions with Key Management Personnel

Details relating to key management personnel, including remuneration paid, are included in the audited remuneration report section of the directors' report. The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2017 \$	2016 \$
Short term employee benefits	175,000	175,000
Long term employee benefits	8,046	12,480
Post-employment benefits	36,335	35,518
Share based payments	38,610	53,983
<b>Total compensation</b>	<b>257,991</b>	<b>276,981</b>

#### (b) Transactions with Other Related Parties

During the year ending 30 June 2017 \$50,400 was received from a public company, of which Mr Marcel Hilmer is a director, for provision of serviced offices (2016: \$52,000).

### 18. SHARE BASED PAYMENTS

#### (a) Employee Share Acquisition Plan

Shareholders approved the establishment of the Caravel Employee Share Acquisition Plan at a general meeting on 13 March 2013. The Company believes that the share acquisition plan provides eligible employees and Directors effective incentive for their ongoing commitment and contribution to the Company. Eligible employees and Directors offered shares under the scheme are provided a limited recourse, interest free loan to be used to subscribe for the shares in the Company. Nil shares were issued under this scheme during the year ended 30 June 2017 (2016: 2,659,091). During the year a total of 915,160 shares were forfeited by an employee upon ceasing employment with the company.

	Balance 1 July 2016	Granted during the period	Forfeited during the period	Balance at 30 June 2017	Vested at 30 June 2017
<b>Directors</b>					
Marcel Hilmer	1,068,182	-	-	1,068,182	1,068,182
James Harris	318,182	-	-	318,182	318,182
Peter Alexander	318,182	-	-	318,182	318,182
Brett McKeon	-	-	-	-	-
<b>Employees</b>					
Incentive Shares	1,990,698	-	(915,160)	1,075,538	1,075,538
<b>Total</b>	<b>3,695,244</b>	<b>-</b>	<b>(915,160)</b>	<b>2,780,084</b>	<b>2,780,084</b>

#### (i) Employee Share Acquisition Plan shares to Directors

On 12 November 2015, 24,000,000 pre-consolidation shares were issued to the Non-Executive Directors, as approved by shareholders at the AGM held 11 November 2015. The shares were issued at 0.475-0.494 cents per share, being a 1.25-5% discount to VWAP, and corresponding loans totalling \$117,000 were entered into by Directors in accordance with the Caravel Employee Acquisition Plan as part of the Director's remuneration and having regard for his future contribution to the Company.

Summary of the key loan terms:

Loan amount: \$117,000

Interest rate: 0%

Term of loan: unlimited

Vesting conditions 50%: remains eligible employee for one month from grant date

Vesting conditions for balance: remains eligible employee for three months from grant date

Subject to the conditions of the Caravel Employee Share Acquisition Plan as approved by shareholders on 13 March 2013

The loans become non-recourse, except against the shares held in trust for the participant, when the vesting conditions have been satisfied.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 18. SHARE BASED PAYMENTS (CONTINUED)

#### (a) Employee Share Acquisition Plan

##### *(i) Employee Share Acquisition Plan shares to Directors*

The fair value at grant date of \$53,983 was calculated using the Black-Scholes pricing model that took into account the following inputs:

- exercise price: \$0.00495 (pre-consolidation)
- market price of shares at grant date: \$0.005
- expected volatility of the Company's shares: 128%
- risk free interest rate: 1.78%
- time to maturity: 2 years
- expected dividend yield: nil

The value of the instruments has been expensed to share based compensation on a proportionate basis for each financial year from grant to vesting date. The proportion expensed to remuneration and accounted for in the share-based payments reserve was Nil for the year ended 30 June 2017 (2016: \$53,983).

The total director loans of \$404,428 (2016: \$404,428) have become non-recourse, except against the shares held in trust for the participant, as the vesting conditions have been satisfied.

##### *(ii) Employee Share Acquisition Plan shares to employees*

On 24 September 2015, 34,500,000 pre-consolidation shares were issued to the employees at 0.495 cents per share, being a 1.0% discount to VWAP, and corresponding loans totalling \$170,775 were entered into in accordance with the Caravel Employee Acquisition Plan as part of the employee's remuneration and having regard for their future contribution to the Company.

Summary of the key loan terms:

Loan amount: \$170,775

Interest rate: 0%

Term of loan: unlimited

Vesting conditions 50%: remains eligible employee for two months from grant date

Vesting conditions for balance: remains eligible employee for four months from grant date

Subject to the conditions of the Caravel Employee Share Acquisition Plan as approved by shareholders on 13 March 2013

The loans become non-recourse, except against the shares held in trust for the participant, when the vesting conditions have been satisfied.

The fair value at grant date of \$69,565 was calculated using the Black-Scholes pricing model that took into account the following inputs:

- exercise price: \$0.00495 (pre-consolidation)
- market price of shares at grant date: \$0.005
- expected volatility of the Company's shares: 128%
- risk free interest rate: 1.78%
- time to maturity: 2 years
- expected dividend yield: nil

The value of the instruments has been expensed to share based compensation on a proportionate basis for each financial year from grant to vesting date. The proportion expensed to remuneration and accounted for in the share-based payments reserve was Nil for the period ended 30 June 2017 (2016: \$69,565).

The total employee loans of \$340,990 (2016: \$340,990) have become non-recourse, except against the shares held in trust for the participant, as the vesting conditions have been satisfied.

#### (b) Options

On 7 November 2016 the Company issued 400,000 unlisted options to an advisor of the Company as a placement fee for capital raising services. The options granted to the have been valued at \$10,920 using a Black-Scholes calculation. The value of the services could not be reliably determined and therefore, were measured at their fair value being the value of the Black-Scholes calculation.

On 24 January 2017 the Company issued 500,000 unlisted options to an advisor of the Company as a placement fee for capital raising services. The options granted to the have been valued at \$12,650 using a Black-Scholes calculation. The value of the services could not be reliably determined and therefore, were measured at their fair value being the value of the Black-Scholes calculation.

On 29 March 2017 the Company issued 1,400,000 unlisted options to employees under the Caravel Employee Option Scheme (2016: Nil). The options granted to the employees have been valued at \$49,140 using a Black-Scholes

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

calculation. During the year ended 30 June 2017 no options issued under the scheme were cancelled (2016: Nil) and no options expired (2016: Nil).

On 29 March 2017 the Company granted, subject to shareholder approval, 1,100,000 unlisted options to the CEO under the Caravel Employee Option Scheme (2016: Nil). The options granted to the CEO have been valued at \$38,610 using a Black-Scholes calculation.

On 17 May 2017 the Company issued 400,000 unlisted options were to a consultant of the Company as incentive options for company secretarial and CFO services (2016: 4,412,500 pre-consolidation). The options granted to the consultant have been valued at \$14,040 using a Black-Scholes calculation.

### (ii) Summary of options granted as consideration for services provided to the Company

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options granted as consideration for services provided to the Company during the year:

	<b>2017 Number</b>	<b>2017 WAEP</b>
Outstanding at the beginning of the year	780,115	\$0.263
Granted during the year	3,800,000	\$0.112
Expired or lapsed during the year	(780,115)	(\$0.263)
Outstanding at the end of the year	3,800,000	\$0.123
Exercisable at the end of the year <sup>(1)</sup>	2,700,000	\$0.113
	<b>2016 Number</b>	<b>2016 WAEP</b>
Outstanding at the beginning of the year	21,650,000	\$0.090
Granted during the year	16,412,500	\$0.012
Consolidation (22:1) during the year	(36,332,384)	-
Expired or lapsed during the year	(950,001)	\$2.138
Outstanding at the end of the year	780,115	\$0.263
Exercisable at the end of the year	780,115	\$0.263

<sup>(1)</sup> On 29 March 2017 the Company granted, subject to shareholder approval, 1,100,000 unlisted options to the CEO under the Caravel Employee Option Scheme (2016: Nil). As such these options were not issued or exercisable at 30 June 2017.

### (iii) Option pricing model

Options granted during the year have been valued using the Black-Scholes Option Valuation model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for the assumptions used for grants made during the year ended 30 June 2017:

Issued to	Consultants	Consultants	Employees	Director	Consultants
Date of grant	7/11/2016	24/01/2017	29/03/2017	29/03/2017	17/05/2017
Number of options	400,000	500,000	1,400,000	1,100,000	400,000
Dividend yield (%)	0%	0%	0%	0%	0%
Expected volatility (%)	104.47%	102.53%	92.06%	92.06%	90.98%
Risk free interest rate (%)	1.66%	1.83%	1.62%	1.62%	1.62%
Expected life of the option (years)	2.10	1.89	3.00	3.00	3.00
Option exercise price (\$)	\$0.12	\$0.12	\$0.07	\$0.07	\$0.10
Fair value per options (\$)	\$0.0273	\$0.0253	\$0.0351	\$0.0351	\$0.0351
Share price at grant date (\$)	\$0.065	\$0.066	\$0.060	\$0.060	\$0.070

The dividend yield reflects the assumption that the current dividend payout will remain unchanged. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

### (c) Shares

During the year 1,074,579 ordinary shares were issued to contractors of the Company for drilling and scoping study services. The shares were issued at market value calculated by a 10 day VWAP at the end of each invoice month for a total consideration of \$81,140. The value of the services could not be reliably determined and therefore, were measured at their fair value calculated on the 10 day VWAP (volume weighted) trading price of the company's share price for the last 10 days of each calendar month in which the invoice was received.

<b>(d) Recognised share based payment expense in profit or loss</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
The expense recognised for director, employee and consultant services received during the year is shown in the table below:		
Expense arising from employee share plan acquisitions	-	123,548
Expense arising from employee options issued	87,750	-
Expense arising from consultant options issued	14,040	10,148
Shares issued for drilling services	81,140	172,412
<b>Total share based payments expensed in profit or loss</b>	<b>182,930</b>	<b>306,108</b>
Share based payments recognised in share issue costs	23,570	20,400
<b>Total share based payments</b>	<b>206,500</b>	<b>326,508</b>

## 19. FINANCIAL INSTRUMENTS

### Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Group has limited exposure to risks arising from its financial instruments.

Currently the Group does not have any exposure to commodity price risk or foreign currency risk as the Group has ceased operations in Spain. As the Group moves into development and production phases, exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2.

### (a) Credit risk

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position. The majority of cash and cash equivalents is held with one Australian Bank which has an AA- long-term credit rating from Standard and Poor's.

Wherever possible, the Group trades only with recognised, credit worthy third parties. There are no significant concentrations of credit risk within the Group. Since the Group trades only with recognised third parties, there is no requirement for collateral.

### (b) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient funds to pay its debts as and when they become due and payable. The Group currently does not have major funding in place. However the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if and when required.

Cash at bank and on hand, as set out in Note 9, is available for use by the Group without restrictions.

Financial liabilities (note 16) of the Group at 30 June 2017 and 30 June 2016 are expected to be settled within 6 months of year-end.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

### 19. FINANCIAL INSTRUMENTS

#### (c) Market risk

##### Price risk

The group is exposed to equity securities price risk. This arises from investments held by the group and classified as available-for-sale. The group is not exposed to commodity price risk. The sensitivity of movements in the price has not been disclosed as it is not material to the Group.

##### Foreign currency risk

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

##### Interest rate risk

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2017 and 2016, and represents management's judgement of a reasonably possible movement.

30 June 2017	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Gain \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	287,689	(2,876)	(2,876)	(2,876)	(2,876)
Other current assets	57,462	(575)	(575)	575	575

30 June 2016	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Gain \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	594,075	(5,941)	(5,941)	5,941	5,941
Other current assets	60,200	(602)	(602)	602	602

None of the Group's financial liabilities in 2017 or 2016 were interest bearing.

#### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

### 20. COMMITMENTS AND CONTINGENCIES

#### (a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable — minimum lease payments

- not later than 1 year

- later than 1 year but not later than 5 years

	2017 \$	2016 \$
- not later than 1 year	99,060	108,066
- later than 1 year but not later than 5 years	-	108,066
	99,060	216,132

The property lease is a non-cancellable operating lease expiring on 31 May 2018, with rent payable monthly in advance. The lease allows for subletting of all lease areas with the consent of the lessee.

#### (b) Contingencies

The Group has no contingent liabilities at reporting date.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

### 21. REMUNERATION OF AUDITORS

The auditor of Caravel Minerals Limited is BDO Audit (WA) Pty Ltd.

*Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:*

An audit or review of the financial reports of the Group	33,000	33,000
	<u>33,000</u>	<u>33,000</u>

### 22. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Caravel Minerals Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 2.

	<b>Parent</b>	
	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
Current assets	313,866	624,733
Non-current assets	30,102	3,266,331
<b>Total assets</b>	<u>343,967</u>	<u>3,891,064</u>
Current liabilities	77,614	102,363
Non-current liabilities	-	-
<b>Total liabilities</b>	<u>77,614</u>	<u>102,363</u>
Contributed equity	39,880,018	38,661,548
Accumulated losses	(42,356,998)	(37,490,821)
Available-for-sale reserve	-	-
Converted option reserve	10,239	10,239
Share-based payment reserve	2,733,095	2,607,735
<b>Total equity</b>	<u>266,354</u>	<u>3,788,701</u>
Loss for the year from continuing operations	(5,377,932)	(892,405)
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<u>(5,377,932)</u>	<u>(892,405)</u>

#### Guarantees in relation to subsidiaries

Caravel Minerals Limited has not issued any guarantees on behalf of subsidiaries.

#### Commitments

Parent has operating lease commitments as detailed in note 21(a).

#### Contingent liabilities

As at 30 June 2017 Caravel Minerals Limited has no contingent liabilities.

## Notes to the Consolidated Financial Statements For the Year Ended 30 June 2017

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### 23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 7 July 2017, the Company announced that it had received commitments from investors to raise \$0.8m through the issue of 16.0m shares at an issue price of \$0.05 ("Placement"). Subsequent to shareholder approval, investors participating in the Placement were issued 1 free attaching unlisted option exercisable at \$0.075 for each 2 shares issued, expiring in August 2019. The Company announced on 13 July 2017 that it had issued 13.554m shares under Tranche 1 of the Placement announced for gross proceeds of \$0.8m. On 1 September 2017, the Company announced the successful placement completion. A total of 16.8m shares and 8.4m attaching options were issued for gross proceeds of \$840,000 across both Tranches including \$162,000 in Tranche 2.

On 7 July 2017, the Company announced that the Mitchell River Group had been appointed to commence a detailed study utilizing cutting-edge ore sorting technology to remove barren material from ore prior to milling and processing that may significantly increase ore grade. An update was provided to the market on 31 August 2017.

Other than the matters above, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2017, of the Group;
- the results of those operations, in financial years subsequent to 30 June 2017, of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2017, of the Group.

## Directors' Declaration

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In accordance with a resolution of the directors of Caravel Minerals Limited, I state that:

- (1) In the opinion of the directors:
  - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001* including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the period ended on that date; and
    - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (3) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2017.

On behalf of the Board.



Marcel Hilmer  
Executive Director & CEO

Perth,  
28 September 2017

## INDEPENDENT AUDITOR'S REPORT

To the members of Caravel Minerals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Caravel Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 2(x) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Carrying Value of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>At 30 June 2017 the carrying value of the capitalised exploration and evaluation asset relating to the Calingiri tenements ("the Project") was \$3,107,811 (30 June 2016 \$3,107,811), as disclosed in Note 13.</p> <p>Judgement is applied in considering whether facts and circumstances indicate that the exploration and evaluation asset should be tested for impairment. As a result, the group was required to assess the asset for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') and no impairment indicators were noted during the year.</p> <p>Due to the quantum of this asset and the subjectivity involved in determining impairment indicators in accordance with AASB 6, we have determined this is a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of the Project remained current at balance date;</li> <li>• Considering the status of the ongoing exploration programmes of the Project by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>• Considering whether the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in Note 13 to the financial report.</li> </ul>

#### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Caravel Minerals Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, consisting of the letters 'BDO' above a stylized signature that appears to be 'J Prue'.

Jarrad Prue

Director

Perth, 28 September 2017

## Corporate Governance Statement

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The Board of Directors of Caravel Minerals Limited (the “Company”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3<sup>rd</sup> edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

Further information about the Company’s corporate governance practices is set out on the Company’s website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au).

This Statement was approved by the Board of Directors and is current as at 28 September 2017.

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### **ASX Recommendation 1.1: a listed entity should establish the functions reserved to the board and those delegated to senior executives and disclose those functions**

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of this board charter is available in the corporate governance section of the Company’s website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au).

#### **ASX Recommendation 1.2: a listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director**

The Company has complied with this recommendation.

The Company did not elect any new Directors during the year.

Information in relation to Directors seeking reappointment is set out in the Directors report and Notice of Annual General Meeting.

#### **ASX Recommendation 1.3: a listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.**

The Company has complied with this recommendation.

The Company has in place written agreements with each Director.

#### **ASX Recommendation 1.4: the company secretary of a listed company should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.**

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the board through the Chair.

#### **ASX Recommendation 1.5: a listed entity should:**

- have a diversity policy which includes the requirement for the board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity’s progress to achieving them;
- disclose the policy or a summary of it;
- disclose the measurable objectives and progress towards achieving them; and
- disclose the respective proportions of men and women on the board and at each level of management and the company as a whole

## Corporate Governance Statement

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The Company partly complies with this recommendation.

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au).

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

There are no women on the Board or in senior Management positions. The company currently has one female employee which represents 17% of the total workforce including permanent contractors, employees and Directors.

**ASX Recommendation 1.6: a listed entity should disclose the process for evaluating the performance of the board, its committees and individual directors and whether a performance evaluation was carried out during the reporting period in accordance with that process.**

The Company has complied with this recommendation.

The Board has adopted a self-evaluation process to measure its performance, and that of individual directors, during each financial year.

A performance review was undertaken during the reporting period.

**ASX Recommendation 1.7: a listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.**

The Company has complied with this recommendation.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the Company's financial performance; and
- appraisal meetings incorporating analysis of key performance indicators with each individual.

The company conducted ongoing performance reviews of senior executives during the year.

### PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

**ASX Recommendation 2.1: The board of a listed entity should establish a nomination committee:**

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted a Nomination Committee with the full Board carrying out the role of a Nomination Committee.

**ASX Recommendation 2.2: a listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership**

The Company has complied with this recommendation.

The Board has established a skill matrix. On a collective basis the Board has the following skills:

**Strategic expertise** - ability to identify and critically assess strategic opportunities and threats and develop strategies.

**Specific Industry knowledge** – members of the Board have either specific qualifications and experience in the resources sector or a general background and experience in the resources sector.

**Accounting and finance** - members of the Board have either specific qualifications and experience in accounting and finance or the ability to read and comprehend the company's accounts, financial material presented to the board, financial reporting requirements and an understanding of corporate finance.

## Corporate Governance Statement

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**Risk management** - Identify and monitor risks to which the Company is, or has the potential to be exposed to.

**Experience with financial markets** - Experience in working in or raising funds from the equity or capital markets.

**Investor relations** - Experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts.

**ASX Recommendation 2.3: a listed entity should disclose the names of the directors considered by the board to be independent directors and provide details in relation to the length of service of each Director**

The Company has complied with this recommendation.

Messrs Harris and Alexander are considered to be independent directors. Mr Hilmer is an executive of the Company and is therefore not considered to be independent.

The appointment date of Directors is as follows:

- Mr Marcel Hilmer 19 November 2012
- Mr James Harris 6 June 2006
- Mr Peter Alexander 29 April 2013

**ASX Recommendation 2.4: the majority of the board of a listed entity should be independent directors**

The Company has complied with this recommendation.

Two of the three members of the Board are considered to be independent.

**ASX Recommendation 2.5: The Chair of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity**

The Company has not appointed a chairman at this time however two out of the three members of the Board are considered to be independent. When available to attend Board meetings Mr James Harris chairs the meetings. Mr Harris is considered to be an independent Director.

Mr Hilmer is Chief Executive Officer of the Company.

**ASX Recommendation 2.6: a listed entity should have a program for inducting new directors and provide appropriate professional development opportunities**

The Company has complied with this recommendation.

The Board is responsible for providing new directors with an induction to the Company and for the program for providing adequate professional development opportunities for directors and management.

### PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

**ASX Recommendation 3.1: a listed entity should establish a code of conduct and disclose the code or a summary of the code.**

The Company has complied with this recommendation.

The Company has established a code of conduct which requires all business affairs to be conducted legally, ethically and with integrity.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au).

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

**ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:**

- with at least three members, all of whom are non-executive directors and a majority of which are independent directors
- chaired by an independent Director; and

## Corporate Governance Statement

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- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings**

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted an Audit Committee with the full Board carrying out the role of an Audit Committee.

The qualifications of the members of the Board are set out in the Directors report.

**ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The Company partly complies with this recommendation.

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2016 and the full year ended 30 June 2017. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

**ASX Recommendation 4.3: a listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.**

The Company has complied with this recommendation.

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

**ASX Recommendation 5.1: a listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.**

The Company has complied with this recommendation.

The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Managing Director as the person responsible for ensuring that this policy is implemented and enforced and that all required price sensitive information is disclosed to the ASX as required.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au) after ASX confirms an announcement has been made.

A copy of the continuous disclosure policy is available in the corporate governance section of the Company's website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au).

### PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

**ASX Recommendation 6.1: a listed entity should provide information about itself and its governance to investors via its website**

The Company has complied with this recommendation.

## Corporate Governance Statement

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The Company's website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au) contains information about the Company's projects, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on website.

### **ASX Recommendation 6.2: a listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors**

The Company has complied with this recommendation.

The Company's Managing Director is the Company's main contact for investors and potential investors and make himself available to discuss the Company's activities when requested together with other Directors or senior executives as required. In addition to announcements made in accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company.

The Company has engaged the services of an Investor Relations company to assist the company with its investor relations program.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's electronic mailing list.

### **ASX Recommendation 6.3: a listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders**

The Company has complied with this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

The full text of all notices of meetings and explanatory material are posted on the Company's website at [www.caravelminerals.com.au](http://www.caravelminerals.com.au).

### **ASX Recommendation 6.4: a listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically**

The Company has complied with this recommendation.

Contact with the Company can be made via the facility or the email address provided on the website and investors can subscribe to the Company's electronic mailing list.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### **ASX Recommendation 4.1: The Board of a listed entity should have a committee to oversee risk:**

- **with at least three members, all of whom are non-executive directors and a majority of which are independent directors**
- **chaired by an independent Director; and**
- **disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings**

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted a Risk Committee with the full Board responsible for risk management.

## Corporate Governance Statement

**ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken**

The Company has complied with this recommendation.

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and design of risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer being responsible to the Board for the risk management and control framework.

The Board conducted a review during the reporting period.

**ASX Recommendation 7.3: a listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes**

The Company has complied with this recommendation.

Given the Company's current size and level of operations it does not have an internal audit function.

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and design of risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer being responsible to the Board for the risk management and control framework.

**ASX Recommendation 7.4: a listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.**

The Company has complied with this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle.

There will a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate

The current operations of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behavior expected from employees when dealing with stakeholders.

### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

**ASX Recommendation 8.1: The board of a listed entity should establish a remuneration committee:**

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted a Remuneration Committee.

## Corporate Governance Statement

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**ASX Recommendation 8.2: a listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives**

The Company has complied with this recommendation.

Directors are paid a fixed annual fee for their service to the Company as a Non-Executive Director. Non-Executive Directors may, subject to shareholder approval, be granted equity based remuneration.

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in bonus arrangements and may, subject to shareholder approval, if appropriate, be granted equity based remuneration.

**ASX Recommendation 8.3: a listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.**

The Company has complied with this recommendation.

A participant in an equity based remuneration plan operated by the Company must not enter into a transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the equity based remuneration plan.

## ASX Additional Information – As at 25 September 2017

### 1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities as at 25 September 2017 are listed below:

#### ORDINARY SHARES

Rank	Holder Name	Securities	%
1	Capital Sanctuary Victoria P/L	6,766,163	7.90%
2	AFR Australia PL	5,985,886	6.99%
3	Hartree PL	4,808,182	5.61%
4	J P Morgan Nominee Aust. Ltd	4,041,498	4.72%
5	Eyeon Investments P/L	3,927,528	4.58%
6	Caravel Employee Share P/L	3,695,244	4.31%
7	Retzos Investments P/L	3,266,900	3.81%
8	BNP Parabas Nominees P/L	3,224,026	3.76%
9	Newstead South Holdings P/L	3,073,282	3.59%
10	Clarson's Boathouse P/L	2,866,623	3.35%
11	Hilmer Group	2,473,594	2.88%
12	Poustie Group	2,432,422	2.84%
13	Healy Group	2,418,021	2.83%
14	Glenlaren P/L	2,000,000	2.33%
15	Goldfire Enterprises P/L	1,654,024	1.93%
16	Corporate Property Services P/L	1,631,783	1.90%
17	Barnes L A + Tabear C F	1,500,000	1.75%
18	Beebee Holdings P/L	1,309,676	1.53%
19	Orbit Drilling P/L	1,278,102	1.49%
20	Waratah Investments Ltd	1,012,094	1.18%
<b>Top 20 Total</b>		<b>59,365,048</b>	<b>69.28%</b>
<b>Total Remaining Holders Balance</b>		<b>26,318,343</b>	<b>30.72%</b>
<b>Total Shares on Issue</b>		<b>85,683,391</b>	<b>100.00%</b>

### 2. DISTRIBUTION OF EQUITY SECURITIES

#### (a) Analysis of security by size holding as at 25 September 2017:

	Ordinary Shares	
	Number of Security Holders	Number of Securities Held
1 – 1,000	62	18,716
1,001 – 5,000	69	222,972
5,001 – 10,000	87	681,115
10,001 – 100,000	221	7,808,449
100,001 – and over	81	76,952,139
	<b>520</b>	<b>85,683,391</b>

#### (b) Number of holders of unmarketable parcels – Ordinary shares

Unmarketable Parcels (less than \$500) – 171 based on a price of \$0.064 per share

### 3. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the company's register as at 25 September 2017 are:

Name	Number of Shares Held
Capital Sanctuary Victoria P/L	6,766,163
AFR Australia P/L	5,985,886
Hartree P/L	4,808,182

## ASX Additional Information – As at 25 September 2017

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### 4. UNQUOTED SECURITIES

As at 25 September 2017, the following unquoted securities are on issue:

Unquoted Securities	Number on Issue	Number of Holders
\$0.075 Options expiring 31/08/2019	8,400,000	31
\$0.060 Options expiring 23/08/2020	1,100,000	1
\$0.120 Options expiring 15/12/2018	9,702,809	1
\$0.068 Options expiring 28/03/2020	1,400,000	19
\$0.010 Options expiring 12/05/2020	400,000	19
<b>Total unquoted securities</b>	<b>21,002,809</b>	

(1) No individual holder holds in excess of 20% of the issued securities

### 5. VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

### 6. ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of Caravel Minerals Limited's listed securities.

## ASX Additional Information – As at 25 September 2017

### 7. TENEMENTS

The following tenements were held at 30 June 2017:

Prospect Name and Location	Tenements	Ownership Interest
Bryah (WA)	E51/1290	92.5%
	E70/2343	80%
Calingiri (WA)	E70/2788, E70/2789, E70/3674, E70/3680, E70/3755, E70/4476, E70/4517, E70/4674, E70/4675, E70/4676, E70/4732, E70/4746, P70/1593	100%

### 8. MINERAL RESOURCES

At 30 June 2016 the Company has an Indicated and Inferred Mineral Resource at its Calingiri Project of 251 million tonnes at 0.34% Cu for 844,300 tonnes copper using a 0.25% Cu Cut-off (Indicated 187 million tonnes at 0.34% Cu for 626,300 tonnes copper and Inferred 64 million tonnes at 0.34% Cu for 218,000 tonnes copper). The maiden resource was announced on 4 April 2016 and a subsequent Scoping Study was completed and released on 28 June 2016.

The Company engaged independent consultants to prepare the Resource estimate. In the course of doing so the consultants have:

- Reviewed the Company's assay and QA/QC data;
- Generated digital models that represent the interpreted geology, mineralisation and oxidisation profiles based on drilling and geological information supplied by the Company;
- Completed statistical analysis and variography of economic elements;
- Estimated grades of economic elements using ordinary kriging and completed model validity checks;
- Classified the Mineral Resource estimate in accordance with the 2012 Edition of the JORC Code; and
- Reported the estimates and compiled supporting documentation in accordance with the 2012 Edition of the JORC code guidelines.

#### Competent Person Statements

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

#### Production Targets and Financial Information

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