



**CARAVEL MINERALS LIMITED**

**ACN 120 069 089**

**ANNUAL REPORT**

**30 June 2015**

## 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 Simon Robertson

### 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  
CVVOA - \$0.035 Listed Options

### 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 been characterised by a continuing decline in activity in the mining sector in reaction to economic uncertainty, international political concerns and a flow-on negative impact on commodity prices, confidence and funding availability. In response, the Company has reduced the breadth of its exploration activities and reassessed corporate costs.

The significant positive has been the ongoing support for our 100%-owned flagship development, the Calingiri Copper-Molybdenum Project in Western Australia ("Calingiri").

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. It was very pleasing that the Company was able to release one new and expand two existing JORC compliant Exploration Targets with a substantial range of tonnes of copper and molybdenum during the year. This was achieved through hard work, strong financial management and a wonderful exploration team and support personnel.

Another significant milestone for the project was the announcement in June 2015 of a Farm-In Agreement ("FIA") with First Quantum Minerals ("FQM") that was approved by shareholders in September 2015. In summary the terms of the agreement are:

- Under the FIA, FQM will contribute A\$3.6 million for the right to acquire 50.1% of Calingiri Project tenements
- In the first 12 months FQM will contribute a minimum of A\$1.2 million after which they are entitled to withdraw with no right or interest
- FQM have a right to nominate one (1) board member
- The existing Convertible Loan Agreement with a principal balance of A\$600,000 was converted to shares in Caravel at a conversion price of 1.3c, thus extinguishing the debt funding obligations in the Company's books and
- FQM will be provided with a Right of First Offer after acquiring 50.1%, to increase the FQM equity in the Calingiri Project tenements

The Company decided to limit activity on the Wynberg Project, located 30 km east of Cloncurry in North Queensland. Although the Company had announced the discovery of broad zones of primary Cloncurry-style copper-gold mineralisation and alteration, it was decided to restrict exploration to enable a retained focus on Calingiri.

We were able to considerably reduce our corporate overhead costs to meet the significant challenges mentioned above. In 2015 we achieved a 12.4% reduction in overheads (Administration Services and Employee Expenses) and subsequent to year-end, a further reduction in the order of 13% has been achieved.

At a corporate level, one of our non-executive directors, Mr Brett McKeon resigned from the board. Brett was a great contributor and we wish him well as he focuses on his other business interests. As the sole Executive Director and CEO, it has been satisfying to work with the board and our team to achieve the excellent progress in the past year.

Noting the above achievements, it is 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

# Directors' Report

## 30 June 2015

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 2015.

### 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  
Mr Brett McKeon (resigned 22 May 2015)

Unless otherwise indicated, 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 any directorships of other listed companies, nor has he done in the past three years.

#### 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 any directorships of other listed companies, nor has he done in the past three years.

#### 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, Fortunis Resources Limited and Non-Executive Chairman 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 of other listed companies, nor has he done in the past three years.

#### BRETT MCKEON (RESIGNED 22 MAY 2015)

##### *Non-Executive Director*

Mr McKeon's background is in group strategy, corporate governance and driving future growth and direction. Brett has practised for over 25 years in the financial services industry and brings considerable management, capital raising, public company and sales experience to the Board. Brett is also a founding Director of AFG and is the company's Managing Director and in 2006 he was awarded the Ernst & Young Entrepreneur of the Year for WA. Mr McKeon does not currently hold any directorships of other listed companies, nor has he done in the past three years.

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

	Interest in Securities at the date of this Report		
	Shares	Listed Options	Unlisted Options
Marcel Hilmer	30,268,345	13,333,333	4,780,220
James Harris	7,116,851	658,333	1,126,374
Peter Alexander	5,816,850	1,333,333	1,126,374

## Directors' Report (Continued)

### 30 June 2015

**SIMON ROBERTSON B. BUS MAPP FIN.**

#### **Company Secretary**

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson currently holds the position of Company Secretary for a number of public listed companies and has experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements.

#### **PRINCIPAL ACTIVITIES**

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

#### **DIVIDENDS**

No dividends have been declared, provided for or paid in respect of the year ended 30 June 2015.

#### **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 and Queensland. Caravel has a technically strong and well-established exploration and mine development team. During the 2015 year the Company focused on the Calingiri Copper Molybdenum Project in WA whilst continuing to rationalize 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 quarterly summary of those announcements related to the Calingiri Project are as follows:

<i>Quarter</i>	<i>Announcement</i>																					
Q1 2014:	Metallurgical tests at Calingiri's Bindi deposit returned high recoveries of 95% copper, 93% molybdenum and 88% silver, further supporting Caravel's strategy to develop a bulk-tonnage copper project																					
Q2 2014:	Two new diamond drill holes testing the continuity of the Dasher prospect, returned outstanding thick intersections, including:  414m grading 0.40% CuEq (Hole 12CADD001), including: 100m grading 0.50% CuEq 103m @ 0.36% Cu Eq (Hole 14CAD001), including: 41m grading 0.45% CuEq  The Calingiri project expanded further with successful scout drilling identifying extensions to the Bindi Prospect. These promising results were outside of current defined mineralisation and confirmed growth potential																					
Q3 2015:	A major drilling program announced with 9,000 metres of reverse circulation drilling planned across multiple targets  Drilling results significantly increased the estimated size and economic potential of the Calingiri Project with increases to the consolidated Exploration Targets at Bindi and Dasher Prospects.  A significant new mineralised zone was discovered at the Opie Prospect with results including:  122m@0.37%CuEqincluding4m@1.98CuEq 54m @ 0.35% CuEq																					
Q4 2015:	Latest drilling results significantly increased the estimated size and economic potential of the project. The consolidated Exploration targets were further updated as follows:																					
	<table border="1"> <thead> <tr> <th>Cut-off grades Cu (%)</th> <th>Tonnage Range (Mt)</th> <th>Cu Range (%)</th> <th>Mo Range (ppm)</th> <th>Ag Range (ppm)</th> <th>Au range (ppb)</th> <th>CuEq (%)</th> </tr> </thead> <tbody> <tr> <td>0.2%</td> <td>435 – 460</td> <td>0.30 – 0.32</td> <td>58 – 63</td> <td>1.6 – 1.7</td> <td>31 – 33</td> <td>0.35 – 0.37</td> </tr> <tr> <td>0.3%</td> <td>275 – 335</td> <td>0.35 – 0.37</td> <td>68 –73</td> <td>1.9 – 2.1</td> <td>34 – 38</td> <td>0.41 – 0.43</td> </tr> </tbody> </table>	Cut-off grades Cu (%)	Tonnage Range (Mt)	Cu Range (%)	Mo Range (ppm)	Ag Range (ppm)	Au range (ppb)	CuEq (%)	0.2%	435 – 460	0.30 – 0.32	58 – 63	1.6 – 1.7	31 – 33	0.35 – 0.37	0.3%	275 – 335	0.35 – 0.37	68 –73	1.9 – 2.1	34 – 38	0.41 – 0.43
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## Directors' Report (Continued)

### 30 June 2015

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An Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Company previously announced the discovery of broad zones of primary Cloncurry-style copper-gold mineralisation and alteration at the Wynberg Project in Qld. The results significantly upgraded the potential and prospectivity of the Wynberg Project but the company delayed further exploration activities to remain focused on Calingiri and to preserve available free cash.

During the year the company successfully completed fund raisings. A private placement in October 2014 that raised \$720,000, a convertible loan agreement, also in October 2014, that raised an additional \$600,000 and a short-term loan in June 2015 for \$200,000.

The company's future activities will focus on completing additional exploration at Calingiri including air core, diamond and RC drilling, as well as commencing a Scoping Study.

During the year the Company received R&D rebates from the Australian Government for eligible exploration expenditure incurred in the financial year ending 30 June 2014 at the Calingiri Project being \$312,469. An additional claim for 2015 eligible expenditure will be lodged with the Company tax return but no rebate has been booked in the accounts at 30 June 2015 as it is subject to approval by the Australian Taxation Office. During the year the company also received \$196,884 from the WA Government under the Exploration Incentive Scheme.

#### CORPORATE AND FINANCIAL POSITION

The group's net loss from operations for the year was \$2,718,672 (2014: \$3,490,998).

At 30 June 2015 the group had a cash balance of \$146,414 (2014: \$675,753).

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 \$2,523,382 (2014: \$4,280,546). 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 \$720,000 through the issue of 55,384,616 shares as detailed in note 18 of the Consolidated Financial Statements with net cash received of \$676,032. In addition there were 25,898,845 shares issued as share based payments of \$292,901 issued to drilling contractors for services received.

On 2 June 2015 the Company executed a farm-in agreement with First Quantum Minerals ("FQM") which will enable Caravel to continue to advance the Calingiri Copper- Molybdenum Project. FQM will have the right to acquire a 50.1% interest in the Calingiri Project after contributing \$3.6 million. The farm-in was approved by shareholders at a General Meeting held on 27 August 2015.

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

On 8 July 2015 the company announced the execution of a definitive Farm-in Agreement with First Quantum Minerals (Australia) Pty Ltd ("FQM") for the right to acquire a 50.1% equity interest in the Calingiri exploration project for a contribution of \$3.6 million. Terms of the agreement include:

- FQM to contribute \$3.6 million for the right to acquire 50.1% of the Calingiri project tenements
- In the first 12 months FQM to contribute a minimum \$1.2 million at which time they are entitled to withdraw with no right or interest
- The existing Convertible Loan Agreement with a principal balance of \$600,000 will be converted to shares in Caravel at a conversion price of 1.3c per share
- After acquiring 50.1% in Calingiri tenements FQM will have a Right of First Offer to increase their equity interest in Calingiri

## Directors' Report (Continued)

### 30 June 2015

Finalisation of some terms and conditions of the Farm-in Agreement were approved at a Caravel shareholder General Meeting held on 27 August 2015. At the same meeting shareholders approved the issue of 48,356,154 shares for the conversion of the Convertible Loan with FQM. These shares were issued on 28 August 2015.

On 28 July 2015 Caravel repaid in full the promissory note of \$200,000 plus outstanding accrued interest.

Caravel announced a \$1.45 million capital raising through a private placement on 13 July 2015. Details of the placement are as follows:

- Commitments from investors to raise \$1,451,940 through the issue of 207,420,009 shares at an issue price of \$0.007. One attaching free unlisted option exercisable at \$0.013 for each two shares issued
- Tranche 1 comprising 140,134,291 shares were issued 17 July 2015 raising \$980,940
- Tranche 2 comprising 67,285,718 shares to raise \$471,000 and the issue of 103,710,005 unlisted options, exercisable at \$0.013 on or before 31 January 2017 to investors of the placement, was approved at a Caravel shareholder General Meeting held on 27 August 2015
- 70,067,146 options were issued to Tranche 1 investors on 28 August 2015. The Tranche 2 shares and options were issued on 7 September 2015.

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 2015 that have significantly affected or may significantly affect:

- (i) the operations in financial years subsequent to 30 June 2015 of the group;
- (ii) the results of those operations in financial years subsequent to 30 June 2015 of the group; or
- (iii) the state of affairs in financial years subsequent to 30 June 2015 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.

#### 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 2015, and the number of meetings attended by each director.

	Board Meetings Number Eligible to attend	Board Meetings Number attended
Marcel Hilmer	8	8
James Harris	8	7
Peter Alexander	8	7
Brett McKeon (resigned 22 May 2015)	7	7

#### 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 \$8,036 (2014: \$ 8,657) exclusive of GST.



## Directors' Report (Continued)

### 30 June 2015

#### 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

Grant Date	Expiry Date	Exercise Price	Number under option
27 March 2013	26 March 2016	\$0.100	20,000,000
28 June 2013	31 May 2016	\$0.035	115,982,326
27 September 2013	31 May 2016	\$0.035	50,613,262
17 October 2013	16 October 2016	\$0.021	750,000
20 March 2014	31 December 2016	\$0.035	83,333,333
17 October 2014	16 October 2016	\$0.020	50,000,000
20 November 2014	16 October 2016	\$0.020	5,384,616
28 August 2015	31 January 2017	\$0.013	70,067,146
7 September 2015	31 January 2017	\$0.013	33,642,860
7 September 2015	31 January 2017	\$0.013	12,000,000
<b>Total</b>			<b>441,773,543</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

The Directors are satisfied that the provision of non-audit services during the period ended 30 June 2015 by the auditor (BDO Audit (WA) Pty Ltd ("BDO")) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, as:

- (i) There were no non-audit service provided during the year; and
- (ii) Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 24 to the Consolidated Financial Statements.

Based on the above, the Board is satisfied that there were no non-audit services provided and so did not compromise the auditor's independence.

##### AUDITOR'S INDEPENDENCE DECLARATION

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

##### 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
Mr Brett McKeon (resigned 22 May 2015)	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.

## Directors' Report (Continued)

### 30 June 2015

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#### 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 only been incorporated since June 2006 and is 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 financial year ended 30 June 2015 no shares or options were granted to Non-Executive Directors.

During the year ended 30 June 2014 9,000,000 shares were issued to Non-Executive Directors under the Caravel Employee Share Acquisition Plan.

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

The remuneration of Non-Executive Directors for the years ended 30 June 2015 and 30 June 2014 is detailed on page 7 and 8 of this report.

##### 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.

## Directors' Report (Continued)

### 30 June 2015

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 2015 and 30 June 2014 are detailed on page 7 and 8 of this report.

#### 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 or cash bonus. No cash bonuses were granted during the year ended 30 June 2015 or in the prior year.

No shares or options were granted to executives during the year ended 30 June 2015.

Executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (9.5% for the year ended 30 June 2014) and do not receive any other retirement benefit. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to executives is valued at cost to the Company and expensed.

## 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 no fixed end date. The total current remuneration package as at 30 June 2015 was \$209,419 per annum inclusive of a 9.5% superannuation contribution.

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

## KEY MANAGEMENT PERSONNEL REMUNERATION

### REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015

	Short Term	Long Term	Post-employment	Share Based		Total
	Salary, Fees & Commissions	Benefits Termination Payments	Superannuation	Shares	Options	
	\$	\$	\$	\$	\$	\$
<b>Executive Director</b>						
Marcel Hilmer	174,099	-	37,502	-	-	(1) 211,601
<b>Non-Executive Directors</b>						
James Harris	32,089	-	3,048	1,032	-	36,169
Peter Alexander	32,089	-	3,048	1,032	-	36,169
Brett McKeon (resigned 22 May 2015)	28,639	-	2,721	1,032	-	32,392
<b>Total</b>	<b>266,916</b>	<b>-</b>	<b>46,319</b>	<b>3,096</b>	<b>-</b>	<b>316,331</b>

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

## Directors' Report (Continued)

### 30 June 2015

#### REMUNERATION FOR THE YEAR ENDED 30 JUNE 2014

	Short Term	Long Term	Post-employment	Share Based		Total
	Salary, Fees & Commissions	Benefits Termination Payments		Superannuation	Shares	
	\$	\$	\$	\$	\$	\$
<b>Executive Director</b>						
Marcel Hilmer	191,667	-	18,210	37,230	-	247,107
<b>Non-Executive Directors</b>						
James Harris	33,033	-	3,055	12,843	-	48,931
Peter Alexander	33,033	-	3,055	12,843	-	48,931
Brett McKeon	33,033	-	3,055	12,843	-	48,931
<b>Total</b>	<b>290,766</b>	<b>-</b>	<b>27,375</b>	<b>75,759</b>	<b>-</b>	<b>393,900</b>

#### 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 under the scheme during the year ended 30 June 2015. The following shares are held by KMP under the terms of the plan.

	Date shares granted	Number of Shares Granted	Issue Price	Value of shares granted	Shares vested at 30 June 2015	Vested %	Value of shares to be vested	Vesting date unvested shares
Marcel Hilmer	15-Mar-2013	7,500,000	\$0.02760	\$72,000	2014: 3,750,000 2013: 3,750,000	100%	-	-
James Harris	6-Nov-2013	3,000,000	\$0.01335	\$13,875	2015: 1,500,000 2014: 1,500,000	100%	-	-
Peter Alexander	6-Nov-2013	3,000,000	\$0.01335	\$13,875	2015: 1,500,000 2014: 1,500,000	100%	-	-
Brett McKeon (resigned 22 May 2015)	6-Nov-2013	3,000,000	\$0.01335	\$13,875	2015: 1,500,000 2014: 1,500,000	100%	-	-

For details on the valuation of the shares, including models and assumptions used, please refer to Note 20 in the Consolidated Financial Statements.

##### OPTIONS ISSUED

As discussed above under "Remuneration Structure", options granted to Directors and other KMP are not linked to either individual performance or the performance of the Company, but are instead issued as an incentive to align the goals of Directors and other KMP with those of all shareholders.

There are no performance conditions prior to vesting and all options were issued for nil consideration.

No options were granted to Directors or other KMP for the years ending 30 June 2015.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

There were no forfeitures or cancellations during the year.

The maximum grant, which will be payable assuming that all service criteria are met, is equal to the number of options granted multiplied by the fair value at the grant date. The minimum grant payable assuming that service criteria are not met is zero.

The plan rules contain a restriction on removing the "at risk" aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the "at risk" aspect of an instrument before it vests.

No compensation options were exercised during the year.

## Directors' Report (Continued)

### 30 June 2015

#### 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	On exercise of options	Net change other	Balance 30 June 15
Marcel Hilmer	22,630,982	-	-	1,923,077	24,554,059
James Harris	5,633,334	-	-	769,231	6,402,565
Peter Alexander	4,333,333	-	-	769,231	5,102,564
Brett McKeon (resigned 22 May 2015)	12,109,426	-	-	1,923,077	<sup>(1)</sup> 14,032,503
	<b>44,707,075</b>	<b>-</b>	<b>-</b>	<b>5,384,616</b>	<b>50,091,691</b>

(1) Holding at time of resignation

##### Option holding

The number options over ordinary 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	Options expired	Net change other	Balance at end of year	Vested at 30 June 2015		
						Total	Exercisable	Not exercisable
<b>Directors</b>								
Marcel Hilmer	13,333,333	-	-	1,923,077	15,256,410	15,256,410	15,256,410	-
James Harris	987,500	-	329,167	769,231	1,427,564	1,427,564	1,427,564	-
Peter Alexander	1,333,333	-	-	769,231	2,102,564	2,102,564	2,102,564	-
Brett McKeon (resigned 22 May 2015)	8,333,333	-	-	1,923,077	<sup>(1)</sup> 10,256,410	10,256,410	10,256,410	-
	<b>23,987,499</b>	<b>-</b>	<b>329,167</b>	<b>5,384,616</b>	<b>29,042,948</b>	<b>29,042,948</b>	<b>29,042,948</b>	<b>-</b>

(1) Holding at time of resignation

##### Other transactions with KMP

During the year ending 30 June 2015 \$60,000 was received from a public company, of which Mr Marcel Hilmer is a director, for provision of serviced offices (2014: \$60,000).

#### 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 2014 ANNUAL GENERAL MEETING

At the 2014 Annual General Meeting held on 20 November 2014 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.

#### END OF AUDITED REMUNERATION REPORT

Signed in accordance with a resolution of the directors.



Marcel Hilmer  
Executive Director & CEO  
Perth  
16 September 2015

## **Directors' Report (Continued)**

### **30 June 2015**

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#### **Cautionary Statement**

An Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource in compliance with the JORC Code and it is uncertain if further exploration will result in the estimation of a Mineral Resource as defined by the JORC Code. (see ASX News Release dated 2 August 2013).

#### **Competent Person's Statement**

The information in this report that relates to Exploration Targets and Exploration Results is based on and fairly represents information and supporting documentation compiled by Tony Poustie, a Competent Person who is a full-time employee of Caravel Minerals Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Poustie has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Poustie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**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 2015, 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, 16 September 2015

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue from continuing operations	5(a)	13,221	109,400
Other income	5(b)	509,353	289,871
Administration services		(506,764)	(500,128)
Depreciation expense	13	(30,246)	(90,497)
Employee expenses	5(c)	(992,456)	(1,212,000)
Exploration expenses		(1,546,285)	(1,990,005)
Impairment of exploration expenditure		(200,000)	-
Finance expenses		(40,115)	-
Loss on available-for-sale investments	12	(8,545)	-
Loss from continuing operations before income tax expense		(2,801,837)	(3,393,359)
Income tax expense relating to continuing operations	8	-	-
Loss from continuing operations		(2,801,837)	(3,393,359)
Profit (loss) from discontinued operations	7	83,165	(97,639)
Loss for the year		(2,718,672)	(3,490,998)
Other comprehensive income Items that may be reclassified to profit or loss			
Foreign currency translation adjustment		(40,025)	(5,778)
Unrealised gain on available-for-sale investments		5,001	12,504
Reclassification of unrealised loss on available for sale investments		8,545	-
Other comprehensive (loss) income for the year net of taxes		(26,479)	6,726
Comprehensive loss attributable to the shareholders of the Company		(2,745,151)	(3,484,272)
Comprehensive (loss) income attributable to the shareholders of the Company arises from:			
Continuing activities		(2,788,291)	(3,380,855)
Discontinued operations		43,140	(103,417)
		(2,745,151)	(3,484,272)
Basic and diluted loss per share (cents per share) for continuing operations attributable to the shareholders of the Company	6	(0.39)	(0.59)
Basic and diluted loss per share (cents per share) attributable to the shareholders of the Company	6	(0.38)	(0.61)

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 2015

	Note	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	9	146,414	675,753
Trade and other receivables	10	3,893	149,727
Other current assets	11	59,200	59,200
<b>Total Current Assets</b>		<b>209,507</b>	<b>884,680</b>
<b>Non-Current Assets</b>			
Investments	12	-	36,470
Plant and equipment	13	73,422	103,668
Exploration and evaluation expenditure	14	3,507,811	3,787,218
<b>Total Non-Current Assets</b>		<b>3,581,233</b>	<b>3,927,356</b>
<b>TOTAL ASSETS</b>		<b>3,790,740</b>	<b>4,812,036</b>
<b>Current Liabilities</b>			
Trade and other payables	15	393,303	446,175
Provisions	16	74,055	85,315
Interest bearing liabilities	17	800,000	-
<b>Total Current Liabilities</b>		<b>1,267,358</b>	<b>531,490</b>
<b>TOTAL LIABILITIES</b>		<b>1,267,358</b>	<b>531,490</b>
<b>NET ASSETS</b>		<b>2,523,382</b>	<b>4,280,546</b>
<b>EQUITY</b>			
Share capital	18	36,672,676	35,691,743
Accumulated loss		(36,613,172)	(33,894,500)
Reserves		2,463,878	2,483,303
<b>TOTAL EQUITY</b>		<b>2,523,382</b>	<b>4,280,546</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 2015

	Note	2015 \$	2014 \$
<b>Share capital</b>			
<b>Common shares</b>			
Balance as at beginning of year		35,691,743	33,537,775
Share issuance net of costs	18	980,933	2,153,968
Balance as at end of year		36,672,676	35,691,743
<b>Total share capital</b>		<b>36,672,676</b>	<b>35,691,743</b>
<b>Accumulated loss</b>			
Balance as at beginning of year		(33,894,500)	(30,403,502)
Loss for the year attributable to shareholders of the Company		(2,718,672)	(3,490,998)
<b>Total accumulated loss</b>		<b>(36,613,172)</b>	<b>(33,894,500)</b>
<b>Reserves</b>			
<b>Share based payments reserve</b>			
Balance as at beginning of year		2,446,585	2,300,436
Share based compensation		7,054	146,149
Balance as at end of year		2,453,639	2,446,585
<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>Foreign currency translation</b>			
Balance as at beginning of year		40,025	45,803
Currency translation differences on foreign operations		(40,025)	(5,778)
Balance as at end of year		-	40,025
<b>AFS reserve</b>			
Balance as at beginning of year		(13,546)	(26,050)
Available-for-sale investment		13,546	12,504
Balance as at end of year		-	(13,546)
<b>Total reserves</b>		<b>2,463,878</b>	<b>2,483,303</b>
<b>Total comprehensive loss for the year</b>		<b>(2,745,151)</b>	<b>(3,484,272)</b>

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 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Interest received		12,861	25,994
Interest paid		(3,560)	-
Government grants		509,353	289,871
Payments to suppliers and employees		(1,350,274)	(1,811,178)
Payments for exploration and evaluation expenditure		(1,215,582)	(2,020,039)
<b>Net cash used in operating activities</b>	9(b)	<b>(2,047,202)</b>	<b>(3,515,352)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tenements		-	400,000
Proceeds from sale of available-for-sale investments		41,471	-
Proceeds from disposal of plant and equipment		360	75,808
Payments for plant and equipment		-	(42,016)
<b>Net cash provided by investing activities</b>		<b>41,831</b>	<b>433,792</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		720,000	1,995,698
Share issue costs		(43,968)	(87,607)
Proceeds from borrowings		800,000	-
<b>Net cash inflow from financing activities</b>		<b>1,476,032</b>	<b>1,908,091</b>
<b>Decrease in cash and cash equivalents held</b>		<b>(529,339)</b>	<b>(1,173,469)</b>
Cash and cash equivalents at the beginning of the financial year		675,753	1,849,222
<b>Cash and cash equivalents at the end of the financial year</b>	9(a)	<b>146,414</b>	<b>675,753</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 2015

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### 1. CORPORATE INFORMATION

The annual report of Caravel Minerals Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 16 September 2015.

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 accounting pronouncement

The Company has adopted the following new and revised standards, along with any consequential amendments, effective 1 July 2014. These changes have been made in accordance with the applicable transitional provisions.

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australian Accounting Standards

None of the new Standards and amendments to Standards that are mandatory or early adopted for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Additionally, they did not significantly affect the Group's accounting policies or any of the disclosures.

#### 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 2015 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 (Continued)

### For the Year Ended 30 June 2015

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### c) Principles of consolidation (continued)

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 (Continued)

### For the Year Ended 30 June 2015

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### e) Investments and other financial assets (continued)

###### *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 and 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%

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 (Continued) For the Year Ended 30 June 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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 (Continued)

### For the Year Ended 30 June 2015

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 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 and 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 by an external valuer 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 (Continued)

### For the Year Ended 30 June 2015

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#### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### p) Share based payments (continued)

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 and 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 (Continued) For the Year Ended 30 June 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 balance sheet.

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 income statement.

#### 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 and 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 \$2,718,672 during the year ended 30 June 2015 and as of that date the Group had net assets of \$2,523,282 (2014: \$4,280,546) including cash and cash equivalents of \$146,414 (2014: \$675,753).

Subsequent to balance date the company has completed a private placement which raised gross proceeds of \$1,451,940. Additionally, the FQM Farm-in was approved by shareholders on 27 August 2015 which initiated the conversion of the \$600,000 FQM Convertible Loan to shares on that date.

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 as and when the need to raise funds arises.

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 2015 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 the impact of its adoption is yet to be assessed by the consolidated entity.

##### (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 information 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.

### 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.

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### *Significant accounting estimates and assumptions*

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

It is the Group's policy to capitalise costs related to the acquisition of properties that contain mineral resources. The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

##### *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 20. 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.

##### *Valuation of performance shares issued*

During the year ended 30 June 2011, the Company entered into an agreement with Gledich Associates Pty Ltd to purchase certain tenements. Consideration for the tenements included 2,000,000 performance shares (issued 2 September 2011). The performance shares are subject to performance milestones (as disclosed in Note 18). The Company has valued the performance shares at \$nil at 30 June 2015 as achievement of the performance milestones are not probable. If the performance milestones are not met by 30 April 2016, the 2,000,000 performance shares are converted into 1 ordinary share on that date.

### 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 2014 & 2015	Date of incorporation
Caravel Resources Netherlands Cooperatief U.A.	Netherlands	Ordinary	99.999%	16 July 2012
Quadrio Resources Pty Ltd	Australia	Ordinary	100%	11 June 1985
Caravel Employee Share Plan Pty Ltd	Australia	Ordinary	100%	13 March 2013

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>5. REVENUE AND EXPENSES</b>		
<i>(a) Revenue from continuing operations</i>		
Interest revenue	12,861	25,994
Profit on disposal of plant and equipment	360	73,869
Other revenue	-	9,537
	<b>13,221</b>	<b>109,400</b>
<i>(b) Other income</i>		
Government EIS Grant	196,884	-
Government R&D rebate	312,469	289,871
	<b>509,353</b>	<b>289,871</b>
<i>(c) Employee expenses</i>		
Directors Fees	(92,817)	(99,099)
Salaries and wages	(817,377)	(841,603)
Termination payments	-	(17,229)
Superannuation	(86,468)	(132,992)
Leave provisions	11,260	14,872
Share based payments expense	(7,054)	(135,949)
	<b>(992,456)</b>	<b>(1,212,000)</b>
<i>(d) Other share based payments</i>		
SBP consultants – included in Administration expenses	-	6,600
SBP finance costs – included in Finance expenses	12,000	-
SBP drilling contractors – included in Exploration expenses	292,901	249,477

## 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:

From continuing operations	(2,801,837)	(3,393,359)
From discontinued operations	83,165	(97,639)

	2015 No. of Shares	2014 No. of Shares
Weighted average number of ordinary shares and potential ordinary shares used in calculating basic earnings per share	711,202,448	572,147,399
Effect of dilutive securities (see below)	-	-
Adjusted weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted earnings per share	<b>711,202,448</b>	<b>572,147,399</b>

### *Non-dilutive securities*

As at reporting date, 159,467,949 (2014: 108,243,333) unlisted options and 166,595,588 (2014: 226,486,857) 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 2015*

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 (Continued)

### For the Year Ended 30 June 2015

#### 7. SEGMENT INFORMATION

Management has determined that the Group operates in one industry, in two geographical locations, being mineral exploration in Australia and Spain. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision makers ("CODM"), which have been identified by the Group as the Chief Executive Officer and members of the Board of Directors.

Geographic Region	Revenue		Results		Assets	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Australia	-	-	(1,236,932)	(1,700,134)	3,507,811	3,787,218
Discontinued operations - Spain	-	-	83,165	(97,639)	-	-
Unallocated amounts	13,221	109,400	(1,564,905)	(1,693,225)	282,929	1,024,818
	13,221	109,400	(2,718,672)	(3,490,998)	3,790,740	4,812,036

#### RECONCILIATION OF SIGNIFICANT UNALLOCATED AMOUNTS ABOVE:

Results	2015	2014
	\$	\$
Revenue	13,221	109,400
Administration expenses	(506,764)	(500,128)
Employee benefits	(992,456)	(1,212,000)
Depreciation	(30,246)	(90,497)
Finance expenses	(40,115)	-
Loss on available-for-sale investments	(8,545)	-
	(1,564,905)	(1,693,225)
<b>ASSETS</b>		
Cash and cash equivalents	146,414	675,753
Trade and other receivables	3,893	149,727
Plant and equipment	73,422	103,668
Other assets	59,200	95,670
	282,929	1,024,818

#### DISCONTINUED OPERATIONS

##### a) Description

On 26 March 2012 the Company entered into a Farm-in and Joint Venture Heads of Agreement with Astur Gold Corporation and Exploraciones Mineras Del Cantabrico SL in respect of the La Codosera Gold Project in Spain. On 1 August 2012 the Company established a wholly owned Spanish subsidiary Recuros Minerales Caravel Espana S.L. ("RMCE") to complete the exploration on the project. As a result of unsatisfactory drilling results from an extensive exploration program conducted from August to December 2012, the Company decided to cease further exploration in Spain. The liquidation of RMCE was completed during the year ended 30 June 2015.

Financial information relating to discontinued operations for the year is set out below.

##### b) Financial performance and cash flow information

	2015	2014
	\$	\$
Revenue	-	-
Expenses – reversal of accrued administration costs	83,165	(97,639)
Profit (loss) before income tax	83,165	(97,639)
Income tax expense	-	-
<b>Profit (loss) from discontinued operations</b>	<b>83,165</b>	<b>(97,639)</b>
Net cash outflow from ordinary activities	8,820	12,816
Net cash outflow from investing activities	-	-
Net cash outflow from financing activities	-	-
<b>Net decrease in cash consumed by the division</b>	<b>8,820</b>	<b>12,816</b>

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>8. INCOME TAX</b>		
<i>(a) The major components of income tax are:</i>		
<b>Current income tax</b>		
Current income tax benefit	(942,738)	(1,082,979)
Current income tax benefit not recognised	942,738	1,082,979
<b>Deferred income tax</b>		
Relating to the origination and reversal of temporary differences	(36,010)	7,926
Deferred tax assets not brought to account as their realisation is not regarded as probable	36,010	(7,926)
Income tax (benefit)/expense recorded in the statement of profit and loss and other comprehensive income	-	-
<i>(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:</i>		
Accounting loss before tax from continuing operations	(2,801,837)	(3,393,359)
Loss before income tax from discontinued operations	83,165	(97,639)
Accounting loss before income tax	(2,718,672)	(3,490,998)
At the Company's statutory income tax rate of 30% (2014: 30%)	(815,602)	(1,047,299)
Non-deductible expenses	549	591
Share based payments	2,116	42,765
Research & development tax offset prior year adjustment	(93,741)	(86,961)
Deferred tax assets not brought to account as their realisation is not regarded as probable	906,677	1,090,904
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	-	-
Income tax attributable to discontinued operations	-	-

R&D tax rebate of \$312,469 (2014: \$289,871) has been recognised in other income.

	Statement of Financial Position		Statement of Profit & Loss and Other Comprehensive Income	
	2015 \$	2014 \$	2015 \$	2014 \$
<i>(c) Deferred income tax</i>				
Deferred income tax at 30 June relates to the following:				
<b>Deferred Tax Liabilities</b>				
Exploration and evaluation assets	(1,052,343)	(1,136,165)	-	-
Recognition of losses to offset future taxable income	1,052,343	1,136,165	-	-
<b>Deferred Tax Assets</b>				
Accruals	35,136	76,469	41,333	43,377
Provisions	22,217	25,595	3,378	4,461
Section 40-880 deductions	87,262	126,204	38,942	36,981
Australian losses available to offset against future taxable income	12,418,674	11,494,972	(748,199)	(6,334,734)
Foreign losses available to offset against future taxable income	2,480	276,159	14,273	(29,292)
Recognition of losses to offset future taxable income	(1,052,343)	(1,136,165)	(83,822)	(120,001)
Deferred tax assets not brought to account as their realisation is not regarded as probable	(11,513,426)	(10,863,234)	734,095	6,399,208
	-	-	-	-



## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

	2015 \$	2014 \$
<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	<b>146,414</b>	675,753
<i>(b) Reconciliation of net loss after income tax expense to net cash outflow from operating activities</i>		
Net loss after income tax expense	<b>(2,718,672)</b>	(3,490,998)
<i>Adjustment for non-cash income and expense items</i>		
Share based payments	<b>311,955</b>	392,026
Depreciation expense	<b>30,246</b>	90,497
Profit on disposal of plant and equipment	<b>(360)</b>	(73,869)
Loss on disposal of plant and equipment	-	1,118
Loss on disposal of available for sale assets	<b>8,545</b>	-
Impairment of tenements	<b>200,000</b>	-
Foreign exchange movement	-	(5,778)
<i>Changes in assets and liabilities</i>		
Decrease/(Increase) in receivables	<b>145,834</b>	119,624
Decrease/(Increase) in other current assets	-	191
(Decrease)/Increase in payables	<b>(13,490)</b>	(533,291)
(Decrease)/Increase in provisions	<b>(11,260)</b>	(14,872)
Net cash outflow from operating activities	<b>(2,047,202)</b>	(3,515,352)

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

In October and November 2014 and February and April 2015 shares were issued to drilling contractors for drilling services. A total of 25,898,845 ordinary shares were issued at market value calculated by a 10 day VWAP at the end of each invoice month for a total consideration of \$292,901 (refer note 20(c)).

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

At reporting date, the Group had no used or unused financing facilities (2014: nil).

## **10. TRADE AND OTHER RECEIVABLES**

GST and FBT receivables	<b>3,893</b>	149,727
	<b>3,893</b>	149,727

## **11. OTHER CURRENT ASSETS**

Bank term deposits – securing guarantees	<b>59,000</b>	59,000
Security deposits	<b>200</b>	200
	<b>59,200</b>	59,200

## **12. AVAILABLE FOR SALE FINANCIAL ASSETS**

Shares of Crusader Resources Limited	-	36,470
	-	36,470

On 14 August 2014 the company sold 104,200 shares in Crusader Resources for net consideration of \$41,471. These shares were purchased on 24 August 2012 for \$50,016. The resulting net loss on sale of \$8,545 has been expensed through profit and loss during the period.



**Notes to the Consolidated Financial Statements (Continued)**  
**For the Year Ended 30 June 2015**

	2015 \$	2014 \$
<b>13. PLANT AND EQUIPMENT</b>		
Computer equipment – at cost	100,671	100,671
Accumulated depreciation	(96,325)	(93,281)
Net carrying amount	<u>4,346</u>	<u>7,390</u>
Vehicles – at cost	208,490	208,490
Accumulated depreciation	(180,781)	(168,904)
Net carrying amount	<u>27,709</u>	<u>39,586</u>
Exploration equipment – at cost	182,457	182,457
Accumulated depreciation	(145,136)	(132,562)
Net carrying amount	<u>37,321</u>	<u>49,895</u>
Office equipment – at cost	16,858	16,858
Accumulated depreciation	(15,220)	(14,075)
Net carrying amount	<u>1,638</u>	<u>2,783</u>
Software – at cost	54,755	54,755
Accumulated depreciation	(52,347)	(50,741)
Net carrying amount	<u>2,408</u>	<u>4,014</u>
Total plant and equipment	563,231	563,231
Accumulated depreciation	(489,809)	(459,563)
<b>Net carrying amount</b>	<b><u>73,422</u></b>	<b><u>103,668</u></b>

*(a) Reconciliations*

Computer equipment		
Balance at the beginning of year	7,390	17,586
Disposals	-	(2,817)
Depreciation expense	(3,044)	(7,379)
Balance at end of year	<u>4,346</u>	<u>7,390</u>
Vehicles		
Balance at the beginning of year	39,586	59,289
Additions	-	42,016
Depreciation expense	(11,877)	(61,719)
Balance at end of year	<u>27,709</u>	<u>39,586</u>
Exploration equipment		
Balance at the beginning of year	49,895	67,022
Disposals	-	(239)
Depreciation expense	(12,574)	(16,888)
Balance at end of year	<u>37,321</u>	<u>49,895</u>
Office equipment		
Balance at the beginning of year	2,783	4,618
Depreciation expense	(1,145)	(1,835)
Balance at end of year	<u>1,638</u>	<u>2,783</u>
Software		
Balance at the beginning of year	4,014	6,690
Depreciation expense	(1,606)	(2,676)
Balance at end of year	<u>2,408</u>	<u>4,014</u>

**Notes to the Consolidated Financial Statements (Continued)**  
**For the Year Ended 30 June 2015**

	2015 \$	2014 \$
<b>13. PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>Total</b>		
Balance at the beginning of year	103,668	155,205
Additions	-	42,016
Disposals	-	(3,056)
Depreciation expense – continuing operations	(30,246)	(90,497)
<b>Balance at end of year</b>	<b>73,422</b>	<b>103,668</b>

**14. EXPLORATION & EVALUATION EXPENDITURE**

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

**Areas of interest:**

Calingiri tenements	3,107,811	3,187,218
Wynberg tenements	300,000	500,000
Bryah tenements	100,000	100,000
	<b>3,507,811</b>	<b>3,787,218</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. At the year end the Company recognises that it may have to surrender some of the Wynberg blocks within the tenements and has therefore impaired to reflect the potential non-recoverability of the exploration expenditure.

*Reconciliation:*

Calingiri tenements		
Balance at the beginning of year	3,187,218	3,187,218
Change in purchase related costs of mining tenements	(79,407)	-
Impairment	-	-
Balance at end of year	<b>3,107,811</b>	<b>3,187,218</b>
Wynberg tenements		
Balance at the beginning of year	500,000	500,000
Purchase of mining tenements	-	-
Impairment	(200,000)	-
Balance at end of year	<b>300,000</b>	<b>500,000</b>
Bryah tenements		
Balance at the beginning of year	100,000	100,000
Purchase of mining tenements	-	-
Impairment	-	-
Balance at end of year	<b>100,000</b>	<b>100,000</b>

**15. TRADE AND OTHER PAYABLES**

Trade payables <sup>(1)</sup>	276,183	191,280
Accrued interest	24,555	-
Accruals	92,565	254,895
	<b>393,303</b>	<b>446,175</b>

*(1) Terms & Conditions*

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

## Notes to the Consolidated Financial Statements (Continued)

### For the Year Ended 30 June 2015

	2015 \$	2014 \$
<b>16. PROVISIONS</b>		
Employee benefits	<b>74,055</b>	85,315

#### 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 \$74,055 (2014 - \$85,315) 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 to be expected to be taken or paid within the next 12 months.

Current leave obligations expected to be settled after 12 months	<b>20,647</b>	18,570
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The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

#### 17. INTEREST BEARING LIABILITIES

Convertible loan (i)	<b>600,000</b>	-
Promissory loan (ii)	<b>200,000</b>	-
	<b>800,000</b>	-

##### (i) Convertible note at fair value

On 17 October 2014 the Company completed a Convertible Loan Agreement with First Quantum Minerals (Australia) Pty Ltd ("FQM") to finance further exploration at the Calingiri Project specifically the Ninan and Bindi extensions of the tenements. Details of the loan facility are summarised as follows:

Principal:	\$600,000
Interest:	Bank prime rate plus 3% per annum payable quarterly
Maturity:	1 year
Conversion:	FQM can choose to convert all or part of the principal and interest to ordinary shares in the Company at the greater of \$0.017 per share or the 5 day VWAP prior to the conversion date.

##### (ii) Promissory note

On 11 June 2015 Caravel executed a Promissory Note with RM Poustie which included the following conditions:

Principal:	\$200,000
Interest:	11.75%
Maturity:	31 July 2015

The loan was secured by a fixed and floating charge over the unencumbered assets of the Company. A loan facilitation fee of 1,500,000 ordinary shares in the Company with a market value of \$12,000 was expensed to the profit and loss at 30 June 2015. These shares were subsequently issued on 7 September 2015 (refer note 20(c)).

## Notes to the Consolidated Financial Statements (Continued)

### For the Year Ended 30 June 2015

#### 18. CONTRIBUTED EQUITY

##### (a) Issued and paid up capital

745,938,533 (2014: 664,655,072) fully paid ordinary shares **36,672,676** 35,691,743

##### (b) Movement in shares on issue

###### (1) Ordinary Shares

	No.	\$
Balance – 1 July 2013	499,329,935	33,537,775
Issue of Shares (i)	149,366,169	2,245,175
Less Transaction costs	-	(91,207)
Issue of shares Employee Share Scheme (ii)	15,958,968	-
Balance – 30 June 2014	<b>664,655,072</b>	<b>35,691,743</b>

Issue of Shares (iii)	81,283,461	1,024,901
Less Transaction costs	-	(43,968)
Issue of shares Employee Share Scheme	-	-
Balance – 30 June 2015	<b>745,938,533</b>	<b>36,672,676</b>

###### (2) Treasury Shares

Shares held by the Trust	(26,958,968)	-
	<b>718,979,565</b>	<b>36,672,676</b>

###### (3) Performance Shares

Balance 1 July 2013	2,000,000	-
Cancellation and conversion	-	-
Balance – 30 June 2014	2,000,000	-
Cancellation and conversion	-	-
Balance – 30 June 2015	<b>2,000,000</b>	<b>-</b>

##### (i) Shares issued as follows:

- 11,799,929 @ \$0.015 each on 18 September 2013
- 37,913,333 @ \$0.015 each on 27 September 2013
- 4,881,115 @ \$0.0176 each on 18 March 2014
- 83,333,333 @ \$0.015 each on 20 March 2014
- 7,862,758 @ \$0.0149 each on 13 May 2014
- 3,575,701 @ \$0.0131 each on 17 June 2014

##### (ii) Employee Share Acquisition Plan shares issued as follows

- 2,659,832 @ \$0.01307 each on 4 September 2013
- 9,000,000 @ \$0.01335 each on 6 November 2013
- 2,001,382 @ \$0.01737 each on 5 February 2014
- 2,297,754 @ \$0.01513 each on 13 May 2014

##### (iii) Shares issued as follows:

- 50,000,000 @ \$0.013 each on 17 October 2014
- 1,405,622 @ \$0.0161 each on 17 October 2014
- 3,205,457 @ \$0.0164 each on 20 November 2014
- 2,367,295 @ \$0.0138 each on 20 November 2014
- 5,384,616 @ \$0.013 each on 20 November 2014
- 3,118,826 @ \$0.0124 each on 11 February 2015
- 15,801,645 @ \$0.0093 each on 30 April 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.

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

### 18. CONTRIBUTED EQUITY (CONTINUED)

#### *2,000,000 Unlisted Performance Shares (issued 2 September 2011)*

The Performance Shares will convert to ordinary shares on a 1 for 1 basis on satisfaction, prior to the expiry date, of the Verification Milestone.

The Verification Milestone is the identification of an independently calculated Mineral Resource of 250,000 ounces of gold at the Indicated Category as defined by JORC or such amount of a metal other than gold that has an equivalent value at the time of determination as 250,000 ounces of gold from the tenements acquired under the Heads of Agreement.

The expiry date is 30 April 2016.

The Performance Shares do not carry voting rights and are not transferable.

There are no participation rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues of capital during the currency of the Performance Shares.

If the Company is wound up prior to conversion of the Performance Shares the Performance Shareholders have no right to be paid cash for the issue price, nor any right to participate in the surplus assets or profits of the Company.

If prior to the expiry date the Verification Milestone is not met, then the total number of Performance Shares will convert into one ordinary share.

No value has been attributed to the Performance Shares as the tenement has been abandoned and the Verification Milestone will not be achieved.

#### *Treasury shares*

*Information relating to the employee share acquisition plan is disclosed in note 20(a).*

### (d) 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 2015, the Company issued 81,283,461 ordinary shares including treasury shares (2014: 165,325,137 ordinary shares).

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

### 19. 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:

	2015	2014
	\$	\$
Short term employee benefits	266,916	290,766
Termination payments	-	-
Post-employment benefits	46,319	27,375
Share based payments	3,096	75,759
Total compensation	316,331	393,900

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

During the year ending 30 June 2015 \$60,000 was received from a public company, of which Mr Marcel Hilmer is a director, for provision of serviced offices (2014: \$60,000).

## Notes to the Consolidated Financial Statements (Continued)

### For the Year Ended 30 June 2015

#### 20. 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. No shares were issued under this scheme during the year ended 30 June 2015 (2014: 15,958,968).

Directors	Date shares granted	Loan vesting date	Price	Balance 1 July 2014	Issued during the year	Balance at 30 June 2015	Vested at 30 June 2015
Marcel Hilmer	15-Mar-2013	15-Mar-2014	\$0.0276	7,500,000	-	<b>7,500,000</b>	7,500,000
Peter Alexander	6-Nov-2013	6-Nov-2014	\$0.01335	3,000,000	-	<b>3,000,000</b>	3,000,000
James Harris	6-Nov-2013	6-Nov-2014	\$0.01335	3,000,000	-	<b>3,000,000</b>	3,000,000
Brett McKeon	6-Nov-2013	6-Nov-2014	\$0.01335	3,000,000	-	<b>3,000,000</b>	3,000,000
				16,500,000	-	<b>16,500,000</b>	16,500,000
<b>Employees</b>							
Rowen Colman	4-Apr-2013	25-Mar-2015	\$0.0237	1,500,000	-	<b>1,500,000</b>	1,500,000
Anthony Poustie	4-Apr-2013	1-Feb-2015	\$0.0239	2,000,000	-	<b>2,000,000</b>	2,000,000
Various	2-Sep-2013	2-Oct-2013	\$0.01307	2,659,832	-	<b>2,659,832</b>	2,659,832
Various	5-Feb-2014	6-Mar-2014	\$0.01754	2,001,382	-	<b>2,001,382</b>	2,001,382
Various	13-May-2014	12-Jun-2014	\$0.01513	2,297,754	-	<b>2,297,754</b>	2,297,754
				10,458,968	-	<b>10,458,968</b>	10,458,968
<b>Total</b>				26,958,968	-	<b>26,958,968</b>	26,958,968

##### *Employee Share Acquisition Plan shares to Directors*

No shares were issued to directors during the year ended 30 June 2015 (2014: 9,000,000).

The director loans of \$327,483 have become non-recourse, except against the shares held in trust for the participant, as the vesting conditions have been satisfied.

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 \$3,096 for the year ended 30 June 2015 (2014: \$38,529).

##### *Employee Share Acquisition Plan shares to employees*

No shares were issued to employees during the year ended 30 June 2015 (2014: 6,958,968).

The employee loans of \$187,654 have become non-recourse, except against the shares held in trust for the participant, as the vesting conditions have been satisfied.

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 \$951 for the year ended 30 June 2015 (2014: \$44,795).

##### (b) Options

No unlisted options were granted under the Caravel Employee Option Scheme during the year ended 30 June 2015 (2014: Nil). During the year ended 30 June 2015 Nil options issued under the scheme were cancelled (2014: 1,080,000) and 1,160,000 options expired (2014: 1,260,000). The directors are not eligible to participate in this scheme. No options were issued to directors during the year ended 30 June 2015 while 3,000,000 unlisted options expired.

In addition, during the year ended 30 June 2015, Nil listed options were issued to an advisor of the Company (2014: 900,000 listed options). During the year 7,000,000 listed options which had been issued to an advisor expired (2014: Nil).

Also during the year ended 30 June 2015, Nil unlisted options were issued to advisors of the Company (2014: 750,000).

Terms and conditions of each grant to directors, employees and consultant are described below. There were no modifications to grants during 2015 or 2014.

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

### 20. SHARE BASED PAYMENTS (CONTINUED)

(i) *Terms and conditions of share-based payments*

#### Terms and conditions of options granted during the year ended 30 June 2014

##### Terms and conditions of Options granted to an Advisor

- Each Option shall be issued for no consideration.
- Each Option entitles the holder to subscribe for one Share upon exercise.
- The exercise prices of the Options are \$0.021.
- The Options are exercisable at any time prior to the Expiry Date.
- The Options expire on 16 October 2016.
- Shares issued on exercise of the Options rank equally with the then shares of the Company.
- No application for quotation of the Options will be made by the Company.
- The Options are non-transferable.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules, which apply to the reconstruction at the time of the reconstruction.

(ii) *Summary of options granted*

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	<b>2014</b>	<b>2014</b>
	<b>No.</b>	<b>WAEP</b>
Outstanding at the beginning of the year	45,800,000	\$0.13
Granted during the year	1,650,000	\$0.03
Exercised during the year	-	-
Cancelled during the year	(1,080,000)	\$0.03
Expired or lapsed during the year	(13,560,000)	\$0.21
Outstanding at the end of the year	<u>32,810,000</u>	<u>\$0.09</u>
Exercisable at the end of the year	<u>31,650,000</u>	<u>\$0.09</u>
	<b>2015</b>	<b>2015</b>
	<b>No.</b>	<b>WAEP</b>
Outstanding at the beginning of the year	32,810,000	\$0.09
Granted during the year	-	-
Exercised during the year	-	-
Cancelled during the year	-	-
Expired or lapsed during the year	(11,160,000)	\$0.09
Outstanding at the end of the year	<u>21,650,000</u>	<u>\$0.09</u>
Exercisable at the end of the year	<u>21,650,000</u>	<u>\$0.09</u>

(iii) *Weighted average remaining contractual life*

The weighted average remaining contractual life of the share options outstanding as at 30 June 2015 is 1.26 years (2014: 1.40 years).

(iv) *Range of exercise prices*

The range of exercise prices for options outstanding at the end of the year was \$0.02 - \$0.10 (2014: \$0.021 - \$0.30).

(v) *Weighted average fair value*

The weighted average fair value of options granted during the year was \$Nil (2014: \$0.006).

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

### 20. SHARE BASED PAYMENTS (CONTINUED)

#### (vi) Option pricing model

Options granted as part of employee emoluments and advisor services have been independently 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 period ended 30 June 2015:

	2015	2014
Dividend yield (%)	-	0%
Expected volatility (%)	-	128%
Risk free interest rate (%)	-	3.00%
Expected life of the option (years)	-	3 years
Option exercise price (\$)	-	\$0.021
Share price at grant date (\$)	-	\$0.013

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

#### (vii) Option modifications

There were no changes to the exercise price of existing options during the year ended 30 June 2015.

#### (c) Shares

In October and November 2014 and February and April 2015 shares were issued to drilling contractors for drilling services. A total of 25,898,845 ordinary shares were issued at market value calculated by a 10 day VWAP at the end of each invoice month for a total consideration of \$292,901.

On 7 September 2015 the Company issued 1,500,000 ordinary shares for a loan facilitation fee. The Promissory Note was executed on 11 June 2015 and \$12,000 has been expensed in the profit and loss at 30 June 2015 representing the market value of the shares at that date.

#### (d) Recognised share based payment expense in profit or loss

	2015 \$	2014 \$
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 (a)	4,047	128,020
Expense arising from employee options issued (b)	3,007	7,929
Expense arising from consultant options issued (b)	-	6,600
Finance expenses (c)	12,000	-
Shares issued for drilling services (c)	292,901	249,477
<b>Total share based payments</b>	<b>311,955</b>	<b>392,026</b>

#### (e) Recognised share based payment expense in share issue costs

The expense recognised for consultant services during the year is as follows:

Share issue costs for consultant options issued (b)	-	3,600
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### 21. 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.



## Notes to the Consolidated Financial Statements (Continued)

### For the Year Ended 30 June 2015

#### 21. FINANCIAL INSTRUMENTS (CONTINUED)

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 17) of the Group at 30 June 2015 and 30 June 2014 are expected to be settled within 6 months of year-end.

##### (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 2015 and 2014, and represents management's judgement of a reasonably possible movement.

30 June 2015	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Gain \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	146,414	(1,464)	(1,464)	1,464	1,464
Other current assets	59,000	(590)	(590)	590	590
<i>Financial liabilities</i>					
Interest bearing liabilities	800,000	8,000	8,000	(8,000)	(8,000)

## Notes to the Consolidated Financial Statements (Continued) For the Year Ended 30 June 2015

### 21. FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2014	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Gain \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	675,753	(6,758)	(6,758)	6,758	6,758
Other current assets	59,000	(590)	(590)	590	590

None of the Group's financial liabilities in 2014 were interest bearing.

#### **Fair value of financial instruments**

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

### 22. FAIR VALUE MEASUREMENT

#### **Recurring fair value measurements**

The following financial instruments are subject to recurring fair value measurements:

	30 June 2015 \$	30 June 2014 \$
Available-for-sale financial assets:		
- Listed equity securities – Level 1	-	36,470
Financial liabilities at fair value through profit or loss – Level 3	<b>(800,000)</b>	-

#### **Valuation techniques used to derive level 3 fair values:**

The fair value of convertible notes not traded in an active market is determined using an internally prepared discounted cash flow valuation technique using observable inputs (such as share price and the terms and conditions of the convertible notes as disclosed per note 17) and release of the initial calibration adjustment to the profit or loss. At 30 June 2015, the fair value of the convertible note equates to its carrying (redemption) amount, as the conversion option is out of the money.

#### **Fair values of financial instruments not measured at fair value**

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to approximate their fair value.

### 23. 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

	2015 \$	2014 \$
- not later than 1 year	121,790	127,752
- later than 1 year but not later than 5 years	-	117,106
	<b>121,790</b>	<b>244,858</b>

The property lease is a non-cancellable operating lease expiring on 31 May 2016, 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.

### 24. 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

	<b>33,000</b>	<b>33,000</b>
	<b>33,000</b>	<b>33,000</b>

## Notes to the Consolidated Financial Statements (Continued)

### For the Year Ended 30 June 2015

#### 25. 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>2015</b>	2014
	<b>\$</b>	<b>\$</b>
Current assets	<b>158,801</b>	644,986
Non-current assets	<b>3,352,308</b>	3,923,638
<b>Total assets</b>	<b>3,511,109</b>	4,568,624
Current liabilities	<b>987,728</b>	308,896
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>987,728</b>	308,896
Contributed equity	<b>36,660,676</b>	35,691,743
Accumulated losses	<b>(36,601,173)</b>	(33,875,293)
Available-for-sale reserve	-	(13,546)
Converted option reserve	<b>10,239</b>	10,239
Share-based payment reserve	<b>2,453,639</b>	2,446,585
<b>Total equity</b>	<b>2,523,381</b>	4,259,728
Loss for the year from continuing operations	<b>(2,737,880)</b>	(3,515,993)
Loss for the year from discontinued operations	-	-
Other comprehensive income for the year	<b>13,546</b>	12,504
<b>Total comprehensive loss for the year</b>	<b>(2,724,334)</b>	(3,503,489)

#### 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 23(a).

#### Contingent liabilities

As at 30 June 2015 Caravel Minerals Limited has no contingent liabilities.

## Notes to the Consolidated Financial Statements (Continued)

### For the Year Ended 30 June 2015

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#### 26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 8 July 2015 the company announced the execution of a definitive Farm-in Agreement with First Quantum Minerals (Australia) Pty Ltd ("FQM") for the right to acquire a 50.1% equity interest in the Calingiri exploration project for a contribution of \$3.6 million. Terms of the agreement include:

- FQM to contribute \$3.6 million for the right to acquire 50.1% of the Calingiri project tenements
- In the first 12 months FQM to contribute a minimum \$1.2 million at which time they are entitled to withdraw with no right or interest
- The existing Convertible Loan Agreement with a principal balance of \$600,000 will be converted to shares in Caravel at a conversion price of 1.3c per share
- After acquiring 50.1% in Calingiri tenements FQM will have a Right of First Offer to increase their equity interest in Calingiri

Finalisation of some terms and conditions of the Farm-in Agreement were approved at a Caravel shareholder General Meeting held on 27 August 2015. At the same meeting shareholders approved the issue of 48,356,154 shares for the conversion of the Convertible Loan with FQM. These shares were issued on 28 August 2015.

On 28 July 2015 Caravel repaid in full the promissory note of \$200,000 plus outstanding accrued interest.

Caravel announced a \$1.45 million capital raising through a private placement on 13 July 2015. Details of the placement are as follows:

- Commitments from investors to raise \$1,451,940 through the issue of 207,420,009 shares at an issue price of \$0.007. One attaching free unlisted option exercisable at \$0.013 for each two shares issued
- Tranche 1 comprising 140,134,291 shares were issued 17 July 2015 raising \$980,940
- Tranche 2 comprising 67,285,718 shares to raise \$471,000 and the issue of 103,710,005 unlisted options, exercisable at \$0.013 on or before 31 January 2017 to investors of the placement, was approved at a Caravel shareholder General Meeting held on 27 August 2015
- 70,067,146 options were issued to Tranche 1 investors on 28 August 2015. The Tranche 2 shares and options were issued on 7 September 2015.

Other than the matters above, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2015, of the Group;
- the results of those operations, in financial years subsequent to 30 June 2015, of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2015, 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 2015 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 2015.

On behalf of the Board.



Marcel Hilmer  
Executive Director & CEO

Perth,  
16 September 2015

## INDEPENDENT AUDITOR'S REPORT

To the members of Caravel Minerals Limited

### Report on the Financial Report

We have audited the accompanying financial report of Caravel Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Caravel Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### **Opinion**

In our opinion:

- (a) the financial report of Caravel Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

### **Opinion**

In our opinion, the Remuneration Report of Caravel Minerals Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, consisting of the letters 'BDO' above the name 'J Prue'.

**Jarrad Prue**

**Director**

Perth, 16 September 2015

## 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 25 September 2015.

### 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.



## Corporate Governance Statement (Continued)

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### **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

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 11% of the total workforce including 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.

## Corporate Governance Statement (Continued)

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### **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.

**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.

## Corporate Governance Statement (Continued)

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### 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
- 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 2014 and the full year ended 30 June 2015. 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.

## Corporate Governance Statement (Continued)

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### 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.

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).

## Corporate Governance Statement (Continued)

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**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.

**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.

## Corporate Governance Statement (Continued)

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**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.

**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

The shareholder information set out below was applicable as at 24 September 2015:

### 1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

#### ORDINARY SHARES

Name	No of Ordinary Shares Held	Percentage of Issued Shares
KINGSGATE CAPITAL Pty Ltd	135,000,000	13.01%
FIRST QUANTUM MINERALS (AUSTRALIA) Pty Ltd	131,689,487	12.69%
CARAVEL EMPLOYEE SHARE PLAN Pty Ltd	61,458,968	5.92%
J P MORGAN NOMINEES AUSTRALIA Ltd	30,496,191	2.94%
HEALY Robert A & H M	28,571,429	2.75%
POUSTIE Anthony & R M	26,952,381	2.60%
EYEON INVESTMENT Pty Ltd	24,458,461	2.36%
NEWSTEAD SOUTH HOLDINGS Pty Ltd	23,333,333	2.25%
WARATAH INVESTMENTS Ltd	22,266,057	2.15%
LEVY Geoffrey	21,428,571	2.06%
SBD DRILLING Pty Ltd	18,168,940	1.75%
HEALY Robert Anthony	18,025,000	1.74%
WARATAH AUSTRALIA Pty Ltd	15,000,000	1.45%
CLARKSON'S BOATHOUSE Pty Ltd	14,000,000	1.35%
SYMINGTON Pty Ltd	13,142,857	1.27%
CALAMA HOLDINGS Pty Ltd	12,571,428	1.21%
EL PRADO HOLDINGS Pty Ltd	10,779,761	1.04%
WHITING Michael A & T A	10,714,286	1.03%
M & C HILMER SUPER FUND	10,000,000	0.96%
TAYLOR Nicholas Charles	9,625,000	0.93%
Total Top 20	637,682,150	61.46%
Others	400,032,543	38.54%
Total Ordinary Shares on Issue	1,037,714,693	100.00%

## ASX Additional Information (Continued)

### LISTED OPTIONS – CVVOA \$0.035 EXPIRING 31 MAY 2016

Name	No of Listed Options Held	Percentage of Listed Options Issued
NEWSTEAD SOUTH HOLDINGS Pty Ltd	23,333,333	14.01%
IONA RESOURCES Ltd	13,333,333	8.00%
M & C HILMER SUPER FUND	10,000,000	6.00%
LOCANTRO SPECULATIVE INV	10,000,000	6.00%
SMAC NOMINEES Pty Ltd	9,000,000	5.40%
MBM INVESTMENT Pty Ltd	8,333,333	5.00%
KUBALE Graham	7,333,333	4.40%
WINDELL HOLDINGS Pty Ltd	5,000,000	3.00%
MEDUSA NOMINEES Pty Ltd	4,284,604	2.57%
EL PRADO HOLDINGS Pty Ltd	3,713,332	2.23%
POUSTIE Anthony & R M	3,416,666	2.05%
ROWLEY FAMILY SUPER FUND	3,333,333	2.00%
VITOR Pty Ltd	3,333,333	2.00%
HILMER Celeste Leonie	3,333,333	2.00%
MARTIN TANNER Pty Ltd	2,750,000	1.65%
WINDELL HOLDINGS Pty Ltd	2,500,000	1.50%
ANCONA NOMINEES Pty Ltd	2,000,000	1.20%
MARA SUPER Pty Ltd	2,000,000	1.20%
HOWARTH Judith Anne	2,000,000	1.20%
BROWN William Richard	2,000,000	1.20%
Total Top 20	120,997,933	72.61%
Others	45,597,655	27.39%
Total Listed Options CVVOA on Issue	166,595,588	100.00%



## ASX Additional Information (Continued)

### 2. DISTRIBUTION OF EQUITY SECURITIES

#### (a) Analysis of security by size holding as at 24 September 2015:

	Ordinary Shares		Listed Options CVVOA	
	Number of Security Holders	Number of Securities Held	Number of Security Holders	Number of Securities Held
1 – 1,000	47	9,955	7	3,539
1,001 – 5,000	60	190,949	8	27,172
5,001 – 10,000	119	1,108,109	4	34,166
10,001 – 100,000	379	20,631,559	23	899,551
100,001 – and over	440	1,015,774,121	84	165,631,160
	1045	1,037,714,693	126	166,595,588

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

Unmarketable Parcels – 527

### 3. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the company's register at 24 September 2015 are:

Name	Number of Shares Held
KINGSGATE CAPITAL Pty Ltd	135,000,000
FIRST QUANTUM MINERALS (AUSTRALIA) Pty Ltd	131,689,487

### 4. UNQUOTED SECURITIES

As at 24 September 2015, the following unquoted securities are on issue:

Unquoted Securities	Number on Issue	Number of Holders	Name of Holders
\$0.1000 Options expiring 26/03/2016	20,000,000	1	KINGSGATE CAPITAL Pty Ltd
\$0.0210 Options expiring 16/10/2016	750,000	1	ROBWARD Pty Ltd
\$0.0200 Options expiring 16/10/2016	55,384,616	32 <sup>(1)</sup>	Various
\$0.0350 Options expiring 31/12/2016	83,333,333	1	FIRST QUANTUM MINERALS (AUSTRALIA) Pty Ltd
\$0.0130 Options expiring 31/01/2017	28,571,429	1	TAYCOL NOMINEES Pty Ltd
\$0.0130 Options expiring 31/01/2017	87,138,578	30 <sup>(1)</sup>	Various
\$0.0075 Options expiring 31/01/2017	4,412,500	1	ROBWARD Pty Ltd
Total unquoted securities	279,590,456		

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

### 5. RESTRICTED SECURITIES

As at 24 September 2015, there are 2,000,000 performance shares which are subject to milestone hurdles.

## ASX Additional Information (Continued)

### 6. 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.

### 7. ON-MARKET BUY BACK

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

### 8. TENEMENTS

The following tenements were held at 30 June 2015:

Prospect Name and Location	Tenements	Ownership Interest
Bryah (WA)	E51/1290	92.5%
	E51/1369	100%
Calingiri (WA)	E70/2343, E70/2796	80%
	E70/2788, E70/2789, E70/3674, E70/3680, E70/3755, E70/3881, E70/4327, E70/4328, E70/4476, E70/4512, E70/4517, E70/4674, E70/4675, E70/4676, P70/1576, P70/1593	100%
Wynberg (QLD)	EPM12409, EPM25262	100%
	EPM15627 (option to earn up to 80%)	0%

### 9. MINERAL RESOURCES

At 30 June 2015 the Company has an Inferred Mineral Resource at its Wynberg Project of 3.1 million tonnes at 1.4 g/t Au for 140,000 contained ounces. The resource is unchanged from 30 June 2014 and from the date the Wynberg Project was acquired from Kingsgate Consolidated Limited. No additional work has been performed by the Company on the Mineral Resource.

#### Competent Person Statement

In relation to the Wynberg Project Mineral Resource, Mr Poustie has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Poustie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears and with the consent of Kingsgate Consolidated Limited. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

## Information on Exploration Targets

### A. Dasher

Caravel initially referred to the Dasher Exploration Target in its release of 10 July 2013 (subsequently modified on 2 August 2012) – *Exploration Confirms Significant Potential of Calingiri Copper-Molybdenum Project*. In a subsequent release of 17 March 2014 – *Latest Results Confirm Potential of Calingiri Copper Project* the Exploration Target was amended to include copper equivalent grades. The latest modelling (November 2014) includes new diamond drill hole data and assumptions on metal recoveries based on recent metallurgical testwork. There has been no additional data that affects the relevant interpretation and assumptions, which are summarised below:

The Dasher mineralisation, which is developed within a very consistent gneissic unit between 50 - 150m thick and dipping at approximately 45 degrees to the east, has been intersected over a strike length of over 1,000m, from near surface to a vertical depth of 500m. Importantly, the mineralisation is open in all directions. The consistent nature of the mineralisation has allowed the construction of a robust geological model from which tonnage and grade estimates can be made.

Ordinary Kriging Block modeling techniques have been applied to interpolate grade within the mineralised host gneiss. While Caravel believes that the drilling completed to date could permit the estimation of an Inferred Resource within the more closely drilled sections of the mineralised zone, the density of drilling is insufficient to permit resource estimation for much of the interpreted mineralisation.

The Company believes that the Exploration Target is supported by the extensive drilling results, block modeling techniques and early stage metallurgical results.

This target is based on the geological model that has been extended only 100 m beyond both the most northerly and southerly drill sections (i.e. a total strike length of 1,250m) and to a vertical depth of 450m (500m was the deepest drill intersection).

Mineralogical studies have indicated that copper and molybdenum values are related to sulphide mineralisation and that chalcopyrite (copper sulphide) is the dominant sulphide species. Also, a geostatistical study has indicated that the gold and silver values show a very strong correlation with copper values. Furthermore, multi-element analyses have shown relatively low values of elements, such as arsenic, that can be metallurgically deleterious. Caravel notes that this style of mineralisation, coupled with the conceptual size and grade ranges, is indicative of a significant number of deposits worldwide that are currently under exploration or in production.

Metallurgical testwork has been carried out by SGS Lakefield Oretest Pty Ltd. Two representative composite samples of Dasher mineralisation (respectively grading 0.39% Cu, 130 ppm Mo, 1.9 ppm Ag, 40 ppb Au and 0.49% Cu, 43 ppm Mo, 4.8 ppm Ag, 50 ppb Au) were subject to rougher flotation testwork which produced recoveries of 96 – 96.4% Cu, 93 – 98.2% Mo, 76.1 – 80.2% Ag and 42 – 51% Au. This testwork was primarily designed to maximize copper recoveries and additional testwork is needed to optimize recoveries of other elements.

Mineralogical examination of the concentrate samples (Report by R. N. England Consulting Geologist) has indicated that chalcopyrite is 5 times more abundant than all other sulphides combined (mainly pyrite and pyrrhotite as well as molybdenite), with the rest of the concentrate samples consisting of silicates.

These metallurgical and mineralogical results strongly support the potential for the Dasher mineralisation to yield both high recoveries, in particular of copper and molybdenum, as well as high grade, and potentially premium quality, concentrates. Further testwork is planned to more specifically evaluate potential process parameters and concentrate grades.

On the basis of these results Caravel believes that there is a reasonable potential for the recovery and sale of copper, molybdenum, silver and gold and that these elements can, therefore, be used to calculate a copper equivalent grade.

The assumptions and the formula used for the calculation are as follows:

Metal price assumptions (US\$) – Cu \$2.61/lb, Mo \$8/lb, Ag \$16/oz, Au \$1,200/oz.

Recovery assumptions – Cu 96%, Mo 98%, Ag 80%, Au 47%

Formula  $CuEq = Cu\text{ ppm} + (Mo\text{ ppm} \times 4.69) + (Ag\text{ ppm} \times 74.5) + (Au\text{ ppm} \times 3280)$ .

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## B. Bindi

The Bindi West mineralisation (western limb of the fold structure), is developed within a very consistent gneissic unit between 150 - 200m thick and dipping at approximately 35-45 degrees to the west has been intersected over a strike length of over 2,000m, from near surface to a vertical depth of 275m. Importantly, the mineralisation is open in all directions. The consistent nature of the mineralisation has allowed the construction of a robust geological model from which tonnage and grade estimates can be established. Mineralisation at Bindi East (eastern limb of the fold structure), is also developed within gneiss however its geometry is interpreted to be flat dipping with no current constraints yet identified on dip and dip direction.

3D wireframe modeling techniques have been applied to generate weighted average grades of the mineralised bodies within the host gneiss. While Caravel believes that the drilling completed to date could permit the estimation of an Inferred Resource within the more closely drilled sections of the mineralised zones, the density of drilling is insufficient to permit resource estimation for much of the interpreted mineralisation.

The Company believes that the Exploration Target is supported by the extensive drilling results and subsequent geological modeling.

This target is based on the geological model that has been extended 100-150m beyond both the most northerly and southerly drill sections (i.e. a total strike length of 2150m) and to a vertical depth of 300m (275m was the deepest drill intersection) at Bindi West and 100m beyond both the most northerly and southerly drill sections (i.e. a total strike length of 1650m) and to a vertical depth of 300m (250m was the deepest drill intersection) at Bindi East.

The visual appearance of mineralisation is considered very similar to that seen at Dasher and dominated by coarse grained chalcopyrite (copper sulphide) and molybdenite (molybdenum sulphide) being the dominant sulphide species. Also, a geostatistical study has indicated that silver values show a very strong correlation with copper values. Furthermore, multi-element analyses have shown relatively low values of elements, such as arsenic, that can be metallurgically deleterious. Caravel notes that this style of mineralisation, coupled with the conceptual size and grade ranges, is indicative of a significant number of deposits worldwide that are currently under exploration or in production.

Metallurgical testwork has been carried out by SGS Lakefield Oretest Pty Ltd. A representative composite sample of Bindi mineralisation (grading 0.32% Cu, 77 ppm Mo, 1.6 ppm Ag and 40ppb gold) were subject to rougher flotation testwork which produced recoveries of 95% Cu, 93 % Mo, 88% Ag and 81% Au. This testwork was primarily designed to maximize copper recoveries and additional testwork is needed to optimize recoveries of other elements.

These metallurgical results strongly support the potential for the Bindi mineralisation to yield both high recoveries and potentially premium quality, concentrates. Further testwork is planned to more specifically evaluate potential process parameters and concentrate grades.

On the basis of these results Caravel believes that there is a reasonable potential for the recovery and sale of copper, molybdenum and silver and that these elements can, therefore, be used to calculate a copper equivalent grade.

The assumptions and the formula used for the calculation are as follows:

Metal price assumptions (US\$) – Cu \$2.61/lb, Mo \$8/lb, Ag \$16/oz, Au \$1,200/oz

Recovery assumptions – Cu 95%, Mo 93%, Ag 88%, Au 81%

Formula  $CuEq = Cu\text{ ppm} + (Mo\text{ ppm} \times 4.50) + (Ag\text{ ppm} \times 82.8) + (Au\text{ ppm} \times 5720)$

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## C. Opie

The Opie mineralisation is developed within a consistent gneissic unit between 50 - 150m thick and dipping at approximately 35-45 degrees to the north has been intersected over a strike length of over 200m, from near surface to a vertical depth of 240m. Importantly, the mineralisation is open in most directions. The consistent nature of the mineralisation has allowed the construction of a robust geological model from which tonnage and grade estimates can be established.

3D wireframe modeling techniques have been applied to generate weighted average grades of the mineralised bodies within the host gneiss. While Caravel believes that the drilling completed to date could permit the estimation of an Inferred Resource within the more closely drilled sections of the mineralised zones, the density of drilling is insufficient to permit resource estimation for much of the interpreted mineralisation.

The Company believes that the Exploration Target is supported by the extensive drilling results and subsequent geological modeling.

This target is based on the geological model that has been extended 50-100m beyond both the most northerly and southerly drill sections (i.e. a total strike length of 350m) and to a vertical depth of 300m (240m was the deepest drill intersection).

The visual appearance of mineralisation is considered very similar to that seen at Dasher and Bindi and dominated by coarse grained chalcopyrite (copper sulphide) and molybdenite (molybdenum sulphide) being the dominant sulphide species. Also, a geostatistical study has indicated that silver values show a very strong correlation with copper values. Furthermore, multi-element analyses have shown relatively low values of elements, such as arsenic, that can be metallurgically deleterious. Caravel notes that this style of mineralisation, coupled with the conceptual size and grade ranges seen collectively at Dasher, Bindi and Opie, is indicative of a significant number of deposits worldwide that are currently under exploration or in production.

Metallurgical testwork has been carried out by SGS Lakefield Oretest Pty Ltd. A representative composite sample of Opie mineralisation (grading 0.32% Cu, 1.34 ppm Ag and 50ppb gold) were subject to rougher flotation testwork which produced recoveries of 97% Cu, 96% Ag and 69.4% Au. This testwork was primarily designed to maximize copper recoveries and additional testwork is needed to optimize recoveries of other elements.

These metallurgical results strongly support the potential for the OPIe mineralisation to yield both high recoveries and potentially premium quality, concentrates. Further testwork is planned to more specifically evaluate potential process parameters and concentrate grades.

On the basis of these results Caravel believes that there is a reasonable potential for the recovery and sale of copper, molybdenum and silver and that these elements can, therefore, be used to calculate a copper equivalent grade.

The assumptions and the formula used for the calculation are as follows:

Metal price assumptions (US\$) – Cu \$2.61/lb, Mo \$8/lb, Ag \$16/oz, Au \$1,200/oz

Recovery assumptions – Cu 97%, Mo 93%, Ag 96%, Au 69%

Formula  $CuEq = Cu\text{ ppm} + (Mo\text{ ppm} \times 4.41) + (Ag\text{ ppm} \times 82.5) + (Au\text{ ppm} \times 4770)$

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