



CARAVEL MINERALS LIMITED

ACN 120 069 089

ANNUAL REPORT

30 June 2016

Corporate Directory

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

SHARE REGISTER

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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 - \$0.77 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

Table of Contents

Chief Executive Officer's Report	
Directors' Report.....	1
Remuneration Report	6
Auditor's Independence Declaration	11
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Consolidated Financial Statements	16
Directors' Declaration	42
Independent Auditor's Report.....	43
Corporate Governance Statement	45
ASX Additional Information	51

Chief Executive Officer's Report

DEAR FELLOW SHAREHOLDER,

The past year has seen a modest recovery in the mining sector as investors tentatively reenter the market and a limited number of exploration and development projects have been advanced. There remains significant economic uncertainty, international political concerns and consequently, modest price increases in a limited group of commodities. However, confidence and funding availability has reappeared and the Company projects have attracted investors at both the corporate and project level.

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

A number of significant milestones were reported for our 100%-owned flagship development, the Calingiri Copper-Molybdenum Project in Western Australia ("Calingiri"). As background, 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.

We were pleased to release the maiden JORC Resource on 4th April, 2016 and subsequently announced the JORC Scoping Study on 28th June 2016. The CSA Global study findings showed Calingiri to be a technically and financially robust project with the potential to be a future low-cost, mid-tier copper producer with a Life of Mine operating cash surplus of A\$1.5B (after tax) from revenue of A\$7.1B. Further, the study estimated LOM Operating Cash Cost (C1) of A\$1.50/lb² including for the first five years of A\$1.40/lb² and a low pre-production Capital Cost of A\$440M (3 year Payback).

These significant milestones were made possible as a result of the successful Farm-In Agreement ("FIA") with First Quantum Minerals ("FQM") that commenced in September 2015. In summary, FQM contributed more than \$1.2m towards the cost of exploration and resource definition. Under the FIA, FQM may eventually contribute a total of A\$3.6 million before September 2017 for the right to acquire 50.1% of Calingiri Project tenements.

Subsequent to the fiscal year-end, we announced that GEM Geophysics have been contracted to undertake an extensive moving loop electromagnetic (MLTEM) survey at Caravel's Bryah Project. The Bryah Project is located ~80km north of Meekatharra – 60km south-west of the Degruessa Copper-Gold Deposit. It will take less than 4 weeks to complete and the survey is expected to identify priority targets for follow up RC drilling in late Q4 2016.

The Company decided to dispose of the Wynberg Project and the Board announced on 2nd March 2016 that it had executed a Binding Heads of Agreement with CopperChem Limited to sell EPM12409, which contains the Wynberg Gold Resource, for A\$400,000. On 10th May 2016 the Company announced the completion of the sale of the project to CopperChem Limited.

We continued to monitor and closely control our corporate overhead costs to meet the significant challenges mentioned above. In 2015 we achieved a 12% reduction in overheads (Administration Services and Employee Expenses) and in 2016, a further reduction of 16% has been achieved. There were no changes to the Board of directors or senior management. As the sole Executive Director and CEO, it has been deeply satisfying to work with the board and our team to achieve the excellent progress in the past year.

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

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

Yours faithfully,



Marcel Hilmer
Executive Director and CEO

Directors' Report

30 June 2016

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 2016.

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

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.

DIRECTORS INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

	Interest in Securities at the date of this Report		
	Shares	Listed Options ⁽¹⁾	Unlisted Options
Marcel Hilmer	2,109,109	-	217,284
James Harris	505,312	-	51,200
Peter Alexander	446,221	-	51,200

(1) Listed options expired 31 May 2016

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.

Directors' Report

30 June 2016

PRINCIPAL ACTIVITIES

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

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the year ended 30 June 2016.

REVIEW OF OPERATIONS AND ACTIVITIES

Summary Review of Activities

Caravel is a junior explorer domiciled in Perth, Australia and listed on the Australian Securities Exchange (ASX: CVV). The Company is a copper, molybdenum, gold and base metals exploration and resource development company with projects located in WA. Caravel has a technically strong and well-established exploration and mine development team. During the 2016 year the Company focused on the Calingiri Copper Molybdenum Project in WA whilst continuing to rationalise its exploration portfolio from sale or surrender of a number of tenements that were not considered central to the long-term strategy.

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

Quarter	Announcement																				
Q1 2015:	<p>A placement was completed raising \$1.42m and a \$600,000 loan and interest with First Quantum Minerals ("FQM") converted to shares at 28.6c per share.</p> <p>A new drilling program was announced that was funded from cash reserves and FQM farm-in contribution.</p>																				
Q2 2015:	<p>A share consolidation was announced to consolidate the Company's shares on a 22:1 basis which was completed in November.</p> <p>Assay results from RC drilling at Calingiri were announced in November and December. The program was designed to provide infill coverage to facilitate the estimation of JORC Resources, as well as to test for extensions at the Bindi and Dasher exploration targets.</p>																				
Q3 2016:	<p>The Company reported significantly higher grades and extended mineralisation at the Calingiri Project. Highlighted intersections included:</p> <p>232m @ 0.32% Cu from 36m, 15CARC067 including:</p> <p>50m @ 0.58% Cu from 122m and</p> <p>12m @ 1.19% Cu from 136m</p> <p>26m @ 0.47% Cu from 160m, 15CARC060</p> <p>20m @ 0.40% Cu from 260m, 15CARC061</p>																				
Q4 2016:	<p>Calingiri Maiden JORC Resource was announced: 251 Mt @ 0.34% for 844,300 tonnes copper</p> <p>The Mineral Resource was reported above a 0.25% copper cut-off, shown in Table 1 below:</p> <table border="1"> <caption>Table 1: Consolidated Indicated and Inferred Resource Estimate (0.25% Cut-off)</caption> <thead> <tr> <th>Classification</th> <th>Tonnes (MT)</th> <th>Cu %</th> <th>Cu Eq % *</th> <th>Cu Metal (T)</th> </tr> </thead> <tbody> <tr> <td>Indicated</td> <td>187</td> <td>0.34</td> <td>0.38</td> <td>626,300</td> </tr> <tr> <td>Inferred</td> <td>64</td> <td>0.34</td> <td>0.38</td> <td>218,000</td> </tr> <tr> <td>Total</td> <td>251</td> <td>0.34</td> <td>0.38</td> <td>844,300</td> </tr> </tbody> </table> <p>* See News Release dated 4 April for full disclosure details</p>	Classification	Tonnes (MT)	Cu %	Cu Eq % *	Cu Metal (T)	Indicated	187	0.34	0.38	626,300	Inferred	64	0.34	0.38	218,000	Total	251	0.34	0.38	844,300
Classification	Tonnes (MT)	Cu %	Cu Eq % *	Cu Metal (T)																	
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Inferred	64	0.34	0.38	218,000																	
Total	251	0.34	0.38	844,300																	

Directors' Report

30 June 2016

An unmarketable parcel share sale facility announced on 16 February 2016 closed in April with a total of 671,181 shares sold for 444 shareholders at a price of \$0.07 per share.

In May the Company announced the completion of the sale of EPM 12409 (Wynberg Project) to CopperChem Limited for A\$400,000.

The Company announced the completion of a Scoping Study undertaken in conjunction with CSA Global in June. The findings as follows:

- Life of Mine operating cash surplus of A\$1.5B (after tax) from revenue of A\$7.1B1
- NPV7 pre and post-tax ranges of:

Cu Price	Pre-Tax	Post-tax
US\$ ¹	NPV ₇ A\$	NPV ₇ A\$
\$2.20	\$ 250M	\$ 130M
\$2.48	\$ 520M	\$ 330M
\$2.75*	\$ 800M	\$ 520M
\$3.03	\$1,070M	\$ 720M
\$3.30	\$1,350M	\$ 930M

- Estimated LOM Operating Cash Cost (C1) of A\$1.50/lb² : first five years A\$1.40/lb²
- Low pre-production Capital Cost of A\$440M – 3 year Payback
- Production of 90M/lbs in first full year - LOM average of 80M/lbs
- 710,000t Cu within the initial mine plan (310Mt @ 0.3% CuEq)³, plus by-product
- Significant nearby expansion and organic growth potential
- Three open cut deposits with a low LoM ore to waste ratio of 1 : 1
- A conventional SAG milling and flotation circuit - throughput of 15Mtpa
- Pre-Feasibility Study approved with completion expected H1 2017

¹ Based on production of 1.56B/lbs US\$2.75 copper price, A\$/US\$ exchange rate of 72c. All amounts in A\$ unless otherwise stated

² C1 operating costs include all mining and processing costs, site administration, refining and site rehabilitation costs

³ See ASX announcement of 4 April 2016 for JORC Table 1 and herein for further Resource details

The company's future activities will focus on further developing the Calingiri Project with a Pre-Feasibility Study and additional drilling to expand the resources. Early stage geochemical and drilling activities will commence at the Bryah Project in WA.

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 2015 at the Calingiri Project being \$172,031. An additional claim for 2016 eligible expenditure may be lodged with the Company tax return but no rebate has been booked in the accounts at 30 June 2016 as it is subject to approval by the Australian Taxation Office. During the year the company also received \$26,154 from the WA Government under the Exploration Incentive Scheme.

Directors' Report

30 June 2016

CORPORATE AND FINANCIAL POSITION

The group's net loss from operations for the year was \$892,405 (2015: \$2,718,672).

At 30 June 2016 the group had a cash balance of \$594,075 (2015: \$146,414).

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

The Group had net assets of \$3,773,945 (2015: \$2,523,382). The Directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report the Group believes it can meet all liabilities as and when they fall due.

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

BUSINESS STRATEGIES AND PROSPECTS

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the Company raised additional capital of \$1.42m and a \$600,000 loan with FQM converted to shares at 28.6c per share. In addition there were 12,214,354 shares issued as share based payments of \$172,412 issued to drilling contractors for services received.

The \$200,000 promissory note was repaid on 28 July 2015 including interest of \$2,582 and the security was released.

On 27th August 2015 at a General Meeting of shareholders the Farm-In Agreement with FQM was approved and FQM has the right to acquire a 50.1% interest in the Calingiri Project after contributing A\$3.6M.

An unmarketable parcel share sale facility announced on 16 February 2016 closed in April with a total of 671,181 shares sold for 444 shareholders at a price of \$0.07 per share.

On 10 May 2016 the Company completed the sale of the Wynberg project to CopperChem Limited for \$400,000.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 18 August 2016 the Company announced that it had received commitments from investors to raise \$1.25M through the issue of 17.6m shares at an issue price of \$0.071 ("Placement"). Subject to shareholder approval, investors participating in the Placement will be issued 1 free attaching unlisted option exercisable at \$0.12 for each 2 shares issued, expiring in December 2018. The Company announced on 24 August 2016 that it had issued 9.6m shares under Tranche 1 of the Placement announced for gross proceeds of \$684,000.

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 2016 that have significantly affected or may significantly affect:

- (i) the operations in financial years subsequent to 30 June 2016 of the group;
- (ii) the results of those operations in financial years subsequent to 30 June 2016 of the group; or
- (iii) the state of affairs in financial years subsequent to 30 June 2016 of the group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

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

Directors' Report 30 June 2016

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 2016, and the number of meetings attended by each director.

	Board Meetings Number Eligible to attend	Board Meetings Number attended
Marcel Hilmer	6	6
James Harris	6	5
Peter Alexander	6	6

INSURANCE OF OFFICERS AND AUDITORS

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

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$7,647 (2015: \$ 8,036) exclusive of GST.

SHARE OPTIONS ON ISSUE AT THE DATE OF THIS REPORT

UNISSUED SHARES

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

Grant Date	Expiry Date	Exercise Price	Number under option
17 October 2013	16 October 2016	\$0.462	34,091
20 March 2014	31 December 2016	\$0.77	3,787,879
17 October 2014	16 October 2016	\$0.44	2,272,741
20 November 2014	16 October 2016	\$0.44	244,758
28 August 2015	31 January 2017	\$0.286	3,184,875
7 September 2015	31 January 2017	\$0.286	1,529,229
7 September 2015	31 January 2017	\$0.286	545,456
24 September 2015	31 January 2017	\$0.165	200,569
Total			11,799,598

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 2016 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:

- There were no non-audit service provided during the year; and
- Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 23 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

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

REMUNERATION PHILOSOPHY

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

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

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

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

As the Company has 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 year ended 30 June 2016 8,000,000 pre-consolidation (363,636 post-consolidation) shares (2015: Nil) were issued to Non-Executive Directors under the Caravel Employee Share Acquisition Plan.

Directors' Report

30 June 2016

During the financial years ended 30 June 2016 and 2015 no options were granted to Non-Executive Directors.

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 2016 and 30 June 2015 is detailed on page 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.

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 2016 and 30 June 2015 are detailed on page 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, shares or cash bonus. No options or cash bonuses were granted during the year ended 30 June 2016 or in the prior year.

During the year ended 30 June 2016, 16 million pre-consolidation (727,273 post-consolidation) shares (2015: Nil) issued to the Executive Director under the Caravel Employee Share Acquisition Plan.

Executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (9.5% for the year ended 30 June 2015) and do not receive any other retirement benefit. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

Directors' Report

30 June 2016

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 2016 was \$176,295 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 2016

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

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

REMUNERATION FOR THE YEAR ENDED 30 JUNE 2015

	Short Term Salary, Fees & Commissions	Long Term Benefits Termination Payments	Post-employment Superannuation	Share Based Payments		Total
				Shares	Options	
	\$	\$	\$	\$	\$	\$
Executive Director						
Marcel Hilmer	174,099	-	37,502	-	-	⁽¹⁾ 211,601
Non-Executive Directors						
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
Total	266,916	-	46,319	3,096	-	316,331

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

Directors' Report

30 June 2016

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. 24,000,000 pre-consolidation (1,090,909 post-consolidation) shares were issued to KMP under the scheme during the year ended 30 June 2016. The following shares are held by KMP under the terms of the plan.

	Date shares granted	Number of Shares Granted ⁽¹⁾	Issue Price	Value of shares granted	Shares vested at 30 June 2016 ⁽²⁾	Vested %	Value of shares to be vested	Vesting date unvested shares
Marcel Hilmer	12-Nov-2015	16,000,000	\$0.004875	\$78,000	2016: 727,273	100%	-	-
	15-Mar-2013	7,500,000	\$0.02760	\$72,000	2014: 170,455 2013: 170,455	100%	-	-
James Harris	12-Nov-2015	4,000,000	\$0.004875	\$19,500	2016: 181,818	100%	-	-
	6-Nov-2013	3,000,000	\$0.01335	\$13,875	2015: 68,182 2014: 68,182	100%	-	-
Peter Alexander	12-Nov-2015	4,000,000	\$0.004875	\$19,500	2016: 181,818	100%	-	-
	6-Nov-2013	3,000,000	\$0.01335	\$13,875	2015: 68,182 2014: 68,182	100%	-	-

⁽¹⁾ Shares issued pre-consolidation

⁽²⁾ Shares post-consolidation

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

OPTIONS ISSUED

No options were granted to Directors or other KMP for the years ending 30 June 2016.

No compensation options were exercised during the year.

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	⁽¹⁾ Granted as remuneration	22:1 Share Consolidation	⁽²⁾ Net change other	Balance 30 June 16
Marcel Hilmer	24,554,059	16,000,000	(44,165,236)	5,720,286	2,109,109
James Harris	6,402,565	4,000,000	(10,611,539)	714,286	505,312
Peter Alexander	5,102,564	4,000,000	(9,370,629)	714,286	446,221
	36,059,188	24,000,000	(64,147,404)	7,148,858	3,060,642

⁽¹⁾ Shares granted pre-consolidation

⁽²⁾ Shares purchased by KMP

Directors' Report

30 June 2016

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	⁽¹⁾ Net change other	22:1 Share Consolidation	⁽²⁾ Options expired	Balance at end of year	Vested at 30 June 2016		
						Total	Exercisable	Not exercisable
Directors								
Marcel Hilmer	15,256,410	2,857,143	(17,290,207)	(606,062)	217,284	217,284	217,284	-
James Harris	1,427,564	357,143	(1,703,582)	(29,925)	51,200	51,200	51,200	-
Peter Alexander	2,102,564	357,143	(2,347,900)	(60,607)	51,200	51,200	51,200	-
	18,786,538	3,571,429	(21,341,689)	(696,594)	319,684	319,684	319,684	-

⁽¹⁾ Options attached to shares purchased by KMP pre-consolidation

⁽²⁾ Listed options expired post-consolidation

Other transactions with KMP

During the year ending 30 June 2016 \$52,000 was received from a public company, of which Mr Marcel Hilmer is a director, for provision of serviced offices (2015: \$60,000) and was credited to the profit or loss.

USE OF REMUNERATION CONSULTANTS

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

VOTING AND COMMENTS MADE AT THE COMPANY'S 2015 ANNUAL GENERAL MEETING

At the 2015 Annual General Meeting held on 11 November 2015 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
15 September 2016

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 2016, 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, 15 September 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue from continuing operations	5(a)	237,477	13,221
Other income	5(b)	343,253	509,353
Administration services		(464,767)	(506,764)
Depreciation expense	12	(24,620)	(30,246)
Employee expenses	5(c)	(828,063)	(992,456)
Exploration expenses		(249,028)	(1,546,285)
Reversal of impairment (impairment) of exploration expenditure		100,000	(200,000)
Finance expenses		(6,657)	(40,115)
Loss on available-for-sale investments		-	(8,545)
Loss from continuing operations before income tax expense		(892,405)	(2,801,837)
Income tax expense relating to continuing operations	8	-	-
Loss from continuing operations		(892,405)	(2,801,837)
Profit (loss) from discontinued operations	7	-	83,165
Loss for the year		(892,405)	(2,718,672)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation adjustment		-	(40,025)
Unrealised gain on available-for-sale investments		-	5,001
Reclassification of unrealised loss on available for sale investments		-	8,545
Other comprehensive (loss) income for the year net of taxes		-	(26,479)
Comprehensive loss attributable to the shareholders of the Company		(892,405)	(2,745,151)
Comprehensive (loss) income attributable to the shareholders of the Company arises from:			
Continuing activities		(892,405)	(2,788,291)
Discontinued operations		-	43,140
		(892,405)	(2,745,151)
Basic and diluted loss per share (cents per share) for continuing operations attributable to the shareholders of the Company	6	(1.91)	(8.67)
Basic and diluted loss per share (cents per share) attributable to the shareholders of the Company	6	(1.91)	(8.41)

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 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	9	594,075	146,414
Trade and other receivables	10	59,496	3,893
Other current assets	11	60,200	59,200
Total Current Assets		713,771	209,507
Non-Current Assets			
Property, plant and equipment	12	131,844	73,422
Exploration and evaluation expenditure	13	3,207,811	3,507,811
Total Non-Current Assets		3,339,655	3,581,233
TOTAL ASSETS		4,053,426	3,790,740
Current Liabilities			
Trade and other payables	14	197,297	393,303
Provisions	15	82,184	74,055
Interest bearing liabilities	16	-	800,000
Total Current Liabilities		279,481	1,267,358
TOTAL LIABILITIES		279,481	1,267,358
NET ASSETS		3,773,945	2,523,382
EQUITY			
Share capital	17	38,661,548	36,672,676
Accumulated loss		(37,505,577)	(36,613,172)
Reserves		2,617,974	2,463,878
TOTAL EQUITY		3,773,945	2,523,382

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 2016

	Note	2016 \$	2015 \$
Share capital			
Common shares			
Balance as at beginning of year		36,672,676	35,691,743
Share issuance net of costs	17	1,988,872	980,933
Balance as at end of year		38,661,548	36,672,676
Total share capital		38,661,548	36,672,676
Accumulated loss			
Balance as at beginning of year		(36,613,172)	(33,894,500)
Loss for the year attributable to shareholders of the Company		(892,405)	(2,718,672)
Total accumulated loss		(37,505,577)	(36,613,172)
Reserves			
Share based payments reserve			
Balance as at beginning of year		2,453,639	2,446,585
Share based compensation		154,096	7,054
Balance as at end of year		2,607,735	2,453,639
Converted option reserve			
Balance as at beginning of year		10,239	10,239
Options converted		-	-
Balance as at end of year		10,239	10,239
Foreign currency translation			
Balance as at beginning of year		-	40,025
Currency translation differences on foreign operations		-	(40,025)
Balance as at end of year		-	-
AFS reserve			
Balance as at beginning of year		-	(13,546)
Available-for-sale investment		-	13,546
Balance as at end of year		-	-
Total reserves		2,617,974	2,463,878
Total comprehensive loss for the year		(892,405)	(2,745,151)

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 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Interest received		7,634	12,861
Interest paid		(2,582)	(3,560)
Government grants		198,185	509,353
Receipt of farm-in funds		1,364,896	-
Payments to suppliers and employees		(1,187,573)	(1,350,274)
Payments for exploration and evaluation expenditure		(1,403,155)	(1,215,582)
Net cash used in operating activities	9(b)	(1,022,595)	(2,047,202)
Cash flows from investing activities			
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
Payments for property, plant and equipment		(83,042)	-
Net cash provided by investing activities		316,958	41,831
Cash flows from financing activities			
Proceeds from issue of shares		1,451,940	720,000
Share issue costs		(98,642)	(43,968)
Proceeds from borrowings		-	800,000
Repayment of borrowings		(200,000)	-
Net cash inflow from financing activities		1,153,298	1,476,032
Increase(decrease) in cash and cash equivalents held		447,661	(529,339)
Cash and cash equivalents at the beginning of the financial year		146,414	675,753
Cash and cash equivalents at the end of the financial year	9(a)	594,075	146,414

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 2016

1. CORPORATE INFORMATION

The annual report of Caravel Minerals Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 15 September 2016.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

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

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

The financial report is presented in Australian dollars.

Compliance with IFRS

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

b) New and revised accounting standards

In the year ended 30 June 2016, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Caravel Minerals Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Caravel Minerals Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

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

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

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

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES

c) Principles of consolidation

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

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

d) Foreign currency transactions and balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

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

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

e) Investments and other financial assets

Classification

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

Loans and receivables

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

Available-for-sale financial assets

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES

e) Investments and other financial assets

Measurement

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

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

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

Fair value

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

Impairment of assets

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

Recognition and derecognition

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

f) Exploration and evaluation expenditure

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

g) Plant and equipment

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

Depreciation

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

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

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

Derecognition

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES

h) Impairment of assets

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

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

i) Revenue recognition

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

Interest

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

Government Grants

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

j) Income tax

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

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

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

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

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

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

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

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

k) Cash and cash equivalents

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES

l) Trade and other receivables

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

Financial assets carried at amortised cost

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

m) Leases

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

Company as a lessee

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

n) Trade and other payables

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

o) Provisions and employee benefits

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

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

Employee leave benefits

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

p) Share based payments

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

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined 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 For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES

p) Share based payments

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

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

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

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

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

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

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

q) Contributed equity

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

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

r) Earnings per share (EPS)

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

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

s) Goods and services tax

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

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

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

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

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES

t) Segment reporting

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

u) Government grants

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

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

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

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

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

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

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

w) Borrowings

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

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

x) Going Concern

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

The Group incurred a net loss of \$892,405 during the year ended 30 June 2016 and as of that date the Group had net assets of \$3,773,945 (2015: \$2,523,282) including cash and cash equivalents of \$594,075 (2015: \$146,414) and tenement retention minimum exploration of \$801,640.

Subsequent to reporting date the company has completed tranche 1 of a private placement which raised gross proceeds of \$684,000. Irrevocable acceptances to participate in the additional \$566,000 in tranche 2 have been received with application monies to be received upon shareholder approval of the private placement at the next Annual General Meeting.

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 For the Year Ended 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 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.

(iv) AASB 16 Leases

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

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

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

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

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Significant accounting judgements

Determination of mineral resources

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

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

Significant accounting estimates and assumptions

Impairment of capitalised exploration and evaluation expenditure

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.

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 2015 & 2016	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 For the Year Ended 30 June 2016

	2016 \$	2015 \$
5. REVENUE AND EXPENSES		
<i>(a) Revenue from continuing operations</i>		
Interest revenue	7,634	12,861
Management fees	229,843	-
Profit on disposal of plant and equipment	-	360
	237,477	13,221
<i>(b) Other income</i>		
Government EIS Grant	26,154	196,884
Government R&D rebate	172,031	312,469
Gain on settlement of financial liability	145,068	-
	343,253	509,353
<i>(c) Employee expenses</i>		
Directors Fees	32,000	92,817
Salaries and wages	589,719	817,377
Termination payments	17,397	-
Superannuation	57,270	86,468
Leave provisions	8,129	(11,260)
Share based payments expense	123,548	7,054
	828,063	992,456
<i>(d) Other share based payments</i>		
SBP consultants – included in Administration expenses	10,148	-
SBP finance costs – included in Finance expenses	-	12,000
SBP drilling contractors – included in Exploration expenses	172,412	292,901

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	(892,405)	(2,801,837)
From discontinued operations	-	83,165

	2016 No. of Shares	⁽¹⁾ 2015 No. of Shares
Weighted average number of ordinary shares and potential ordinary shares used in calculating basic earnings per share	46,798,821	32,327,384
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	46,798,821	32,327,384

(1) The Company completed a 22:1 equity consolidation effective 13 November 2015. EPS for the year ended 30 June 2016 and 2015 has been calculated as if the equity consolidation occurred 1 July 2014.

Non-dilutive securities

As at reporting date, 11,799,598 (2015: 159,467,949) unlisted options and Nil (2015: 166,595,588) 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 2016

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

7. SEGMENT INFORMATION

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

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

	2016	2015
	\$	\$
Revenue	-	-
Expenses – reversal of accrued administration costs	-	83,165
Loss before income tax	-	83,165
Income tax expense	-	-
Loss from discontinued operations	-	83,165
Net cash outflow from ordinary activities	-	8,820
Net cash outflow from investing activities	-	-
Net cash outflow from financing activities	-	-
Net increase in cash consumed by the division	-	8,820

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

	2016 \$	2015 \$
8. INCOME TAX		
<i>(a) The major components of income tax are:</i>		
Current income tax		
Current income tax benefit	(272,287)	(942,738)
Current income tax benefit not recognised	272,287	942,738
Deferred income tax		
Relating to the origination and reversal of temporary differences	(9,629)	(36,010)
Deferred tax assets not brought to account as their realisation is not regarded as probable	9,629	36,010
Income tax (benefit)/expense recorded in the statement of profit or 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	(892,405)	(2,801,837)
Loss before income tax from discontinued operations	-	83,165
Accounting loss before income tax	(892,405)	(2,718,672)
At the Company's statutory income tax rate of 30% (2015: 30%)	(267,722)	(815,602)
Non-deductible expenses	351	549
Share based payments	37,064	2,116
Research & development tax offset prior year adjustment	(51,609)	(93,741)
Deferred tax assets not brought to account as their realisation is not regarded as probable	281,916	906,678
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 \$172,031 (2015: \$312,469) has been recognised in other income.

	Statement of Financial Position		Statement of Profit & Loss and Other Comprehensive Income	
	2016 \$	2015 \$	2016 \$	2015 \$
<i>(c) Deferred income tax</i>				
Deferred income tax at 30 June relates to the following:				
Deferred Tax Liabilities				
Exploration and evaluation assets	(962,343)	(1,052,343)	-	-
Recognition of losses to offset future taxable income	962,343	1,052,343	-	-
Deferred Tax Assets				
Accruals	8,340	35,136	26,796	41,333
Provisions	24,655	22,217	(2,438)	3,378
Section 40-880 deductions	66,960	87,262	20,302	38,942
Australian losses available to offset against future taxable income	12,266,343	12,418,674	152,331	(748,199)
Australian capital losses available to offset against future taxable income	286,109	-	(286,109)	-
Foreign losses available to offset against future taxable income	2,480	2,480	-	14,273
Recognition of losses to offset future taxable income	(962,343)	(1,052,343)	(90,000)	(83,822)
Deferred tax assets not brought to account as their realisation is not regarded as probable	(11,692,544)	(11,513,426)	179,118	734,095

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

	2016 \$	2015 \$
9. CASH AND CASH EQUIVALENTS		
<i>(a) Reconciliation to the Statement of Financial Position and Statement of Cash Flows</i>		
Cash at bank and on hand	594,075	146,414
<i>(b) Reconciliation of net loss after income tax expense to net cash outflow from operating activities</i>		
Net loss after income tax expense	(892,405)	(2,718,672)
<i>Adjustment for non-cash income and expense items</i>		
Share based payments	306,108	311,955
Depreciation expense	24,620	30,246
Profit on disposal of plant and equipment	-	(360)
Loss on disposal of available for sale assets	-	8,545
Impairment of tenements	(100,000)	200,000
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(8,707)	145,834
Increase in other current assets	(1,000)	-
Decrease in payables	(322,195)	(13,490)
Decrease in advance payments	(37,145)	-
Decrease in provisions	8,129	(11,260)
Net cash outflow from operating activities	(1,022,595)	(2,047,202)

(c) Significant Non-Cash Financing and Investing Activities

During the year ended 30 June 2016 the Company issued 12 million pre-consolidation (545,455 post-consolidation) unlisted options to an advisor for capital raising services valued at \$20,400 using a black-scholes calculation (2015: \$Nil) (refer note 19(b)).

On 28 August 2015 the Company issued 48,356,154 pre-consolidation (2,198,007 post-consolidation) shares to repay the convertible loan and interest of \$628,630 (refer note 16(i)).

(d) Credit Standby Arrangements with Banks

At reporting date, the Group had no used or unused financing facilities (2015: nil).

10. TRADE AND OTHER RECEIVABLES

Trade debtors	59,496	-
GST receivable	-	3,893
	59,496	3,893

11. OTHER CURRENT ASSETS

Bank term deposits – securing guarantees	59,000	59,000
Rental bond	1,000	-
Security deposits	200	200
	60,200	59,200

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

	2016 \$	2015 \$
12. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings – at cost	72,921	-
Accumulated depreciation	-	-
Net carrying amount	<u>72,921</u>	<u>-</u>
Computer equipment – at cost	110,792	100,671
Accumulated depreciation	(101,795)	(96,325)
Net carrying amount	<u>8,997</u>	<u>4,346</u>
Vehicles – at cost	208,490	208,490
Accumulated depreciation	(189,116)	(180,781)
Net carrying amount	<u>19,374</u>	<u>27,709</u>
Exploration equipment – at cost	182,457	182,457
Accumulated depreciation	(154,492)	(145,136)
Net carrying amount	<u>27,965</u>	<u>37,321</u>
Office equipment – at cost	16,858	16,858
Accumulated depreciation	(15,713)	(15,220)
Net carrying amount	<u>1,145</u>	<u>1,638</u>
Software – at cost	54,755	54,755
Accumulated depreciation	(53,313)	(52,347)
Net carrying amount	<u>1,442</u>	<u>2,408</u>
Total property, plant and equipment	646,273	563,231
Accumulated depreciation	(514,429)	(489,809)
Net carrying amount	<u>131,844</u>	<u>73,422</u>

(a) Reconciliations

Land and buildings		
Balance at the beginning of year	-	-
Additions	72,921	-
Depreciation expense	-	-
Balance at end of year	<u>72,921</u>	<u>-</u>
Computer equipment		
Balance at the beginning of year	4,346	7,390
Additions	10,121	-
Depreciation expense	(5,470)	(3,044)
Balance at end of year	<u>8,997</u>	<u>4,346</u>
Vehicles		
Balance at the beginning of year	27,709	39,586
Depreciation expense	(8,335)	(11,877)
Balance at end of year	<u>19,374</u>	<u>27,709</u>
Exploration equipment		
Balance at the beginning of year	37,321	49,895
Depreciation expense	(9,356)	(12,574)
Balance at end of year	<u>27,965</u>	<u>37,321</u>

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

	2016 \$	2015 \$
12. PROPERTY, PLANT AND EQUIPMENT		
Office equipment		
Balance at the beginning of year	1,638	2,783
Depreciation expense	(493)	(1,145)
Balance at end of year	<u>1,145</u>	<u>1,638</u>
Software		
Balance at the beginning of year	2,408	4,014
Depreciation expense	(966)	(1,606)
Balance at end of year	<u>1,442</u>	<u>2,408</u>
Total		
Balance at the beginning of year	73,422	103,668
Additions	83,042	-
Depreciation expense – continuing operations	(24,620)	(30,246)
Balance at end of year	<u><u>131,844</u></u>	<u><u>73,422</u></u>

13. EXPLORATION & EVALUATION EXPENDITURE

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

Areas of interest:

Calingiri tenements	3,107,811	3,107,811
Wynberg tenements	-	300,000
Bryah tenements	100,000	100,000
	<u>3,207,811</u>	<u>3,507,811</u>

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. During the year the Company disposed of the Wynberg tenements for \$400,000 and has therefore reversed the impairment of \$100,000 to reflect the market value of the exploration expenditure before disposal.

Reconciliation:

Calingiri tenements		
Balance at the beginning of year	3,107,811	3,187,218
Change in purchase related costs of mining tenements	-	(79,407)
Balance at end of year	<u>3,107,811</u>	<u>3,107,811</u>
Wynberg tenements		
Balance at the beginning of year	300,000	500,000
Disposal of mining tenements	(400,000)	-
Impairment	100,000	(200,000)
Balance at end of year	<u>-</u>	<u>300,000</u>
Bryah tenements		
Balance at the beginning of year	100,000	100,000
Balance at end of year	<u>100,000</u>	<u>100,000</u>

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

13. EXPLORATION & EVALUATION EXPENDITURE

CALINGIRI FARM-OUT

On 8 July 2015 the Group executed a Farm-in and Joint Venture Agreement ("FIA") with First Quantum Minerals (Australia) Pty Ltd ("FQM") in relation to the Calingiri Project. During the year ended 30 June 2016 the following earning funds were received from FQM and distributed for earning expenditure:

	2016 \$	2015 \$
Funds received	1,364,896	-
Earning expenditure	(1,149,214)	-
Farm-in manager allowance (including GST)	(252,827)	-
Receivable balance at year end	(37,145)	-

(a) Accounting for farm-outs

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

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

14. TRADE AND OTHER PAYABLES

Trade payables ⁽¹⁾	169,497	276,183
Accrued interest	-	24,555
Other payables	27,800	92,565
	197,297	393,303

(1) Terms & Conditions

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

15. PROVISIONS

Employee benefits	82,184	74,055
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Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$43,869 (2015 - \$74,055) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

Current leave obligations expected to be settled after 12 months	38,315	20,647
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The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

	2016 \$	2015 \$
16. INTEREST BEARING LIABILITIES		
Convertible loan (i)	-	600,000
Promissory loan (ii)	-	200,000
	-	800,000

(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.

On 15 July 2015 a Supplementary Deed was executed with FQM which changed the conversion price to \$0.013 and irrevocable conversion upon the Effective Date of the Farm-in and Joint Venture Agreement. The conversion of the loan and interest to shares was approved by shareholders at a general meeting on 27 August 2015. On 28 August 2015 the Company issued pre-consolidation 48,356,154 shares to repay the loan and interest of \$628,630. The market value of the shares on date of settlement was \$483,562 resulting in a gain on settlement of \$145,068 being credited to the profit or loss during the period.

(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 pre-consolidation ordinary shares in the Company with a market value of \$12,000 was expensed to the profit or loss at 30 June 2015. These shares were subsequently issued on 7 September 2015 (refer note 20(c)). The loan was repaid in full on 28 July 2015 including interest of \$2,582 and the security was released.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

17. CONTRIBUTED EQUITY

(a) Issued and paid up capital	2016 \$	2015 \$
49,749,575 (2015: 745,938,533) fully paid ordinary shares	38,661,548	36,672,676
(b) Movement in shares on issue		
<i>(1) Ordinary Shares</i>		
Balance – 1 July 2014	664,655,072	35,691,743
Issue of Shares <i>(i)</i>	81,283,461	1,024,901
Less Transaction costs	-	(43,968)
Issue of shares Employee Share Scheme	-	-
Balance – 30 June 2015	745,938,533	36,672,676
Issue of Shares:		
Capital raising	207,420,006	1,451,940
Loan conversion 16(i)	48,356,154	483,562
Loan facilitation fee	1,500,000	-
Contractor share based payments 5(d)	12,214,354	172,412
Less Transaction costs	-	(119,042)
Issue of shares Employee Share Scheme (net of forfeitures) 19(a)	54,336,380	-
Share consolidation 22:1 ⁽ⁱ⁾	(1,020,015,852)	-
Balance – 30 June 2016	49,749,575	38,661,548
<i>(2) Treasury Shares</i>		
Shares held by the Caravel Employee Share Plan Trust	(3,695,244)	-
<i>(3) Performance Shares</i>		
Balance 1 July 2014	2,000,000	-
Cancellation and conversion	-	-
Balance – 30 June 2015	2,000,000	-
Cancellation and conversion	(2,000,000)	-
Balance – 30 June 2016	-	-

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

(c) Terms and conditions of contributed equity

Ordinary Shares

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

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

The Performance Shares expired on 30 April 2016 without reaching the Verification Milestone.

(d) Listed options

	2016 Number	2015 Number
Outstanding at the beginning of the year	166,595,588	226,486,857
Consolidation 22:1	(159,022,997)	-
Expired or lapsed during the year	(7,572,591)	(59,891,269)
Outstanding at the end of the year	-	166,595,588
Exercisable at the end of the year	-	21,650,000

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

(e) Unlisted options

	2016 Number	2015 Number
Outstanding at the beginning of the year	159,467,949	108,243,333
Issued	120,122,507	55,384,616
Consolidation 22:1	(266,881,767)	-
Expired or lapsed during the year	(909,091)	(4,160,000)
Outstanding at the end of the year	11,799,598	159,467,949
Exercisable at the end of the year	11,799,598	159,467,949

(f) Capital risk management

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

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

During the financial year ended 30 June 2016, the Company issued 323,826,894 ordinary shares including treasury shares (2015: 81,283,461 ordinary shares).

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

18. 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:

	2016 \$	2015 \$
Short term employee benefits	175,000	266,916
Long term employee benefits	12,480	-
Post-employment benefits	35,518	46,319
Share based payments	53,983	3,096
Total compensation	276,981	316,331

(b) Transactions with Other Related Parties

During the year ending 30 June 2016 \$52,000 was received from a public company, of which Mr Marcel Hilmer is a director, for provision of serviced offices (2015: \$60,000).

19. 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. 58,500,000 pre-consolidation (2,659,091 post-consolidation) shares were issued under this scheme during the year ended 30 June 2016 (2015: Nil) including a total of 24,000,000 pre-consolidation (1,090,909 post-consolidation) shares issued to Directors as approved by shareholders at the annual general meeting ("AGM") held 11 November 2015. During the year a total of 4,163,620 pre-consolidation shares were forfeited by a Director and an employee upon ceasing employment with the company. On 13 November 2015 the balance of issued shares under the Plan were subject to a consolidation of issued capital of 22:1 as approved by the shareholders at the AGM.

	Balance 1 July 2015	Granted during the period	Forfeited during the period	22:1 Share Consolidation	Balance at 30 June 2016	Vested at 30 June 2016
Directors						
Marcel Hilmer	7,500,000	16,000,000	-	(22,431,818)	1,068,182	704,545
James Harris	3,000,000	4,000,000	-	(6,681,818)	318,182	227,272
Peter Alexander	3,000,000	4,000,000	-	(6,681,818)	318,182	227,272
Brett McKeon	3,000,000	-	(3,000,000)	-	-	-
Employees						
Incentive Shares	10,458,968	34,500,000	(1,163,620)	(41,804,650)	1,990,698	1,206,607
Total	26,958,968	58,500,000	(4,163,620)	(77,600,104)	3,695,244	2,365,696

(i) Employee Share Acquisition Plan shares to Directors

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

Summary of the key loan terms:

Loan amount: \$117,000

Interest rate: 0%

Term of loan: unlimited

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

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

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

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

19. SHARE BASED PAYMENTS

(a) Employee Share Acquisition Plan

(i) Employee Share Acquisition Plan shares to Directors

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

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

The value of the instruments has been expensed to share based compensation on a proportionate basis for each financial year from grant to vesting date. The proportion expensed to remuneration and accounted for in the share-based payments reserve was \$53,983 for the year ended 30 June 2016 (2015: \$3,096).

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

(ii) Employee Share Acquisition Plan shares to employees

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

Summary of the key loan terms:

Loan amount: \$170,775

Interest rate: 0%

Term of loan: unlimited

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

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

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

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

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

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

The value of the instruments has been expensed to share based compensation on a proportionate basis for each financial year from grant to vesting date. The proportion expensed to remuneration and accounted for in the share-based payments reserve was \$69,565 for the period ended 30 June 2016 (2015: \$951).

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

(b) Options

No unlisted options were granted under the Caravel Employee Option Scheme during the year ended 30 June 2016 (2015: Nil) and no options were on issue under the scheme at 30 June 2016. During the year ended 30 June 2016 no options issued under the scheme were cancelled (2015: Nil) and no options expired (2015: 1,160,000). The directors are not eligible to participate in this scheme. No options were issued to directors during the year ended 30 June 2016 (2015: Nil) and no options were on issue to directors at 30 June 2016. During the 2015 year 3,000,000 unlisted options expired which had been issued to directors.

In addition, during the year ended 30 June 2016 12,000,000 pre-consolidation unlisted options were issued to an advisor of the Company for capital raising services (2015: \$Nil) as approved by shareholders at a general meeting on 27 August 2015. The options granted to the advisor have been valued at \$20,400 using a black-scholes calculation.

Also during the year ended 30 June 2016, 4,412,500 pre-consolidation unlisted options were issued to a consultant of the Company as incentive options for company secretarial services (2015: \$Nil). The options granted to the consultant have been valued at \$10,148 using a black-scholes calculation.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

19. SHARE BASED PAYMENTS

(b) Options

During the year 40,910 post-consolidation listed options which had been issued to an advisor expired (2015: 7,000,000) and 909,091 post-consolidation unlisted options which had been issued as consideration for purchase of Quadrio Resources Pty Ltd expired (2015: \$Nil).

On 13 November 2015 the Company completed a consolidation of issued capital of 22:1 as approved by shareholders at the AGM held 11 November 2015.

Terms and conditions of each grant to advisors and consultants are described below. There were modifications to options during 2016 as detailed in note 20(b)(vii).

(i) Terms and conditions of share-based payments

Terms and conditions of options granted during the year ended 30 June 2016

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 \$0.013 (\$0.286 post consolidation).
- The Options are exercisable at any time prior to the Expiry Date.
- The Options expire on 31 January 2017.
- 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.

Terms and conditions of Options granted to a Consultant

- 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 \$0.0075 (\$0.165 post consolidation).
- The Options are exercisable at any time prior to the Expiry Date.
- The Options expire on 31 January 2017.
- 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:

	2015 No.	2015 WAEP
Outstanding at the beginning of the year	32,810,000	\$0.09
Expired or lapsed during the year	(11,160,000)	\$0.09
Outstanding at the end of the year	21,650,000	\$0.09
Exercisable at the end of the year	21,650,000	\$0.09
	2016 No.	2016 WAEP
Outstanding at the beginning of the year	21,650,000	\$0.090
Granted during the year	16,412,500	\$0.012
Consolidation (22:1) during the year	(36,332,384)	-
Expired or lapsed during the year	(950,001)	\$2.138
Outstanding at the end of the year	780,115	\$0.263
Exercisable at the end of the year	780,115	\$0.263

(iii) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 30 June 2016 is 0.58 years (2015: 1.26 years).

(iv) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was \$0.165 - \$0.77 (2015: \$0.02 - \$0.10).

(v) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.012 (2015: \$Nil).

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

19. SHARE BASED PAYMENTS

(b) Options

(vi) Option pricing model

Options granted as part of consultant 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 year ended 30 June 2016:

	2016	2015
Dividend yield (%)	0%	-
Expected volatility (%)	128%	-
Risk free interest rate (%)	1.78%	-
Expected life of the option (years)	1.4 - 3 years	-
Option exercise price (\$) pre-consolidation	\$0.0075 - \$0.013	-
Share price at grant date (\$)	\$0.005	-

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

On 13 November 2015 the Company completed a consolidation of issued capital of 22:1 and as a result there were changes to the number and exercise price of existing options during the year ended 30 June 2016 as follows:

Grant Date	Expiry Date	Original Conditions		Modified Conditions	
		Number	Exercise Price	Number	Exercise Price
27 Mar 2013	26 Mar 2016	20,000,000	\$0.1000	909,091	\$2.200
02 Oct 2013	31 May 2016	900,000	\$0.0350	40,910	\$0.770
22 Oct 2013	16 Oct 2016	750,000	\$0.0210	34,091	\$0.462
07 Sep 2015	31 Jan 2017	12,000,000	\$0.0130	545,455	\$0.286
24 Sep 2015	31 Jan 2017	4,412,500	\$0.0075	200,569	\$0.165

(c) Shares

In November 2015 and January, March and April 2016 shares were issued to drilling contractors for drilling services. A total of 11,037,484 pre-consolidation and 1,176,870 post-consolidation (2015: 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 \$172,412 (2015: \$292,901).

On 7 September 2015 the Company issued 1,500,000 pre-consolidation ordinary shares for a loan facilitation fee. The Promissory Note was executed on 11 June 2015 and \$12,000 was expensed in the profit or 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

The expense recognised for director, employee and consultant services received during the year is shown in the table below:

	2016 \$	2015 \$
Expense arising from employee share plan acquisitions (a)	123,548	4,047
Expense arising from employee options issued (b)	-	3,007
Expense arising from consultant options issued (b)	10,148	-
Finance expenses (c)	-	12,000
Shares issued for drilling services (c)	172,412	292,901
Total share based payments expensed in profit or loss	306,108	311,955
Share based payments recognised in share issue costs (b)	20,400	-
Total share based payments	326,508	311,955

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

20. FINANCIAL INSTRUMENTS

Financial risk management

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

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

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

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

(a) Credit risk

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

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

(b) Liquidity risk

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

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

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

Financial liabilities (note 16) of the Group at 30 June 2016 and 30 June 2015 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 2016 and 2015, and represents management's judgement of a reasonably possible movement.

30 June 2016	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Gain \$	Equity \$
<i>Financial assets</i>					
Cash and cash equivalents	594,075	(5,941)	(5,941)	5,941	5,941
Other current assets	60,000	(600)	(600)	600	600

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

20. FINANCIAL INSTRUMENTS

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)

None of the Group's financial liabilities in 2015 were interest bearing.

Fair value of financial instruments

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

21. FAIR VALUE MEASUREMENT

Recurring fair value measurements

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

	30 June 2016 \$	30 June 2015 \$
Financial liabilities at fair value through profit or loss – Level 3	-	(800,000)

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 16) 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.

22. COMMITMENTS AND CONTINGENCIES

	2016 \$	2015 \$
<i>(a) Operating lease commitments</i>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
- not later than 1 year	108,066	121,790
- later than 1 year but not later than 5 years	108,066	-
	216,132	121,790

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

(b) Contingencies

The Group has no contingent liabilities at reporting date.

23. REMUNERATION OF AUDITORS

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

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

An audit or review of the financial reports of the Group	33,000	33,000
	33,000	33,000

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2016

24. 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.

	Parent	
	2016	2015
	\$	\$
Current assets	624,733	158,801
Non-current assets	3,266,331	3,352,308
Total assets	3,891,064	3,511,109
Current liabilities	102,363	987,728
Non-current liabilities	-	-
Total liabilities	102,363	987,728
Contributed equity	38,661,548	36,660,676
Accumulated losses	(37,490,821)	(36,601,173)
Available-for-sale reserve	-	-
Converted option reserve	10,239	10,239
Share-based payment reserve	2,607,735	2,453,639
Total equity	3,788,701	2,523,381
Loss for the year from continuing operations	(892,405)	(2,737,880)
Other comprehensive income for the year	-	13,546
Total comprehensive loss for the year	(892,405)	(2,724,334)

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 22(a).

Contingent liabilities

As at 30 June 2016 Caravel Minerals Limited has no contingent liabilities.

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 8 August 2016 the Company announced that it had received commitments from investors to raise \$1.25M through the issue of 17.6m shares at an issue price of \$0.071 ("Placement"). Subject to shareholder approval, investors participating in the Placement will be issued 1 free attaching unlisted option exercisable at \$0.12 for each 2 shares issued, expiring in December 2018. The Company announced on 24 August 2016 that it had issued 9.6m shares under Tranche 1 of the Placement announced for gross proceeds of \$684,000.

Other than the matters above, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2016, of the Group;
- the results of those operations, in financial years subsequent to 30 June 2016, of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2016, of the Group.

Directors' Declaration

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 2016 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 2016.

On behalf of the Board.



Marcel Hilmer
Executive Director & CEO

Perth,
15 September 2016

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 2016, 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 2016 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 pages 6 to 10 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink that reads 'BDO' on the top line and 'J Prue' on the bottom line.

Jarrad Prue

Director

Perth, 15 September 2016

Corporate Governance Statement

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 3rd 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.

This Statement was approved by the Board of Directors and is current as at 20 September 2016.

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.

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

The Company has complied with this recommendation.

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

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

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

The Company has complied with this recommendation.

The Company has in place written agreements with each Director.

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

The Company has complied with this recommendation.

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

ASX Recommendation 1.5: a listed entity should:

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

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.

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 13% of the total workforce including Directors.

Corporate Governance Statement

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

The Company has complied with this recommendation.

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

A performance review was undertaken during the reporting period.

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

The Company has complied with this recommendation.

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

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

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

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

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

The Company has not complied with this recommendation.

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

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

The Company has complied with this recommendation.

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

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

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

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

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

Corporate Governance Statement

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

The Company has complied with this recommendation.

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

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

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

Mr Hilmer is Chief Executive Officer of the Company.

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

The Company has complied with this recommendation.

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

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

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

The Company has complied with this recommendation.

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

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at www.caravelminerals.com.au.

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 2015 and the full year ended 30 June 2016. 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.

Corporate Governance Statement

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

The Company has complied with this recommendation.

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

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

The Company has complied with this recommendation.

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

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at www.caravelminerals.com.au 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.

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 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.

Corporate Governance Statement

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

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 be 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

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
FIRST QUANTUM MINERALS (AUSTRALIA) Pty Ltd	5,985,886	10.01%
SHUN Christopher K	4,290,494	7.18%
CARAVEL EMPLOYEE SHARE PLAN Pty Ltd	3,695,244	6.18%
J P MORGAN NOMINEES AUSTRALIA Ltd	3,511,261	5.87%
NEWSTEAD SOUTH HOLDINGS Pty Ltd	2,268,212	3.79%
EYEON INVESTMENT Pty Ltd	2,190,140	3.66%
LEVY Geoffrey	2,184,026	3.65%
GOLDFIRE ENTERPRISES Pty Ltd	1,881,297	3.15%
RETZOS INVESTMENT Pty Ltd	1,690,140	2.83%
CLARKSON'S BOATHOUSE Pty Ltd	1,506,623	2.52%
CORPORATE PROPERTY SERVICES Pty Ltd	1,395,263	2.33%
HEALY Robert A & H M	1,298,702	2.17%
POUSTIE Anthony & R M	1,289,676	2.16%
BEEBEE HOLDINGS Pty Ltd	1,169,676	1.96%
HEALY Robert Anthony	1,119,319	1.87%
WARATAH INVESTMENTS Ltd	1,012,094	1.69%
CALAMA HOLDINGS Pty Ltd	880,520	1.47%
BROWN William Richard	854,847	1.43%
SBD DRILLING Pty Ltd	850,411	1.42%
WARATAH AUSTRALIA Pty Ltd	681,819	1.14%
Total Top 20	39,755,650	66.48%
Others	20,018,734	33.52%
Total Ordinary Shares on Issue	59,774,384	100.00%

ASX Additional Information

2. DISTRIBUTION OF EQUITY SECURITIES

(a) Analysis of security by size holding as at 19 September 2016:

	Ordinary Shares	
	Number of Security Holders	Number of Securities Held
1 – 1,000	58	17,657
1,001 – 5,000	74	242,508
5,001 – 10,000	106	836,112
10,001 – 100,000	237	8,333,552
100,001 – and over	63	50,344,555
	538	59,774,384

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

Unmarketable Parcels – 134

3. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the company's register at 19 September 2016 are:

Name	Number of Shares Held
FIRST QUANTUM MINERALS (AUSTRALIA) Pty Ltd	5,985,886
SHUN Christopher K	4,240,494

4. UNQUOTED SECURITIES

As at 19 September 2016, the following unquoted securities are on issue:

Unquoted Securities	Number on Issue	Number of Holders	Name of Holders
\$0.462 Options expiring 16/10/2016	34,091	1	ROBWARD Pty Ltd
\$0.44 Options expiring 16/10/2016	2,517,499	32 ⁽¹⁾	Various
\$0.77 Options expiring 31/12/2016	3,787,879	1	FIRST QUANTUM MINERALS (AUSTRALIA) Pty Ltd
\$0.286 Options expiring 31/01/2017	1,298,702	1	TAYCOL NOMINEES Pty Ltd
\$0.286 Options expiring 31/01/2017	3,960,858	30 ⁽¹⁾	Various
\$0.165 Options expiring 31/01/2017	200,569	1	ROBWARD Pty Ltd
Total unquoted securities	11,799,598		

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

5. VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

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

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

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

6. ON-MARKET BUY BACK

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

ASX Additional Information

7. TENEMENTS

The following tenements were held at 30 June 2016:

Prospect Name and Location	Tenements	Ownership Interest
Bryah (WA)	E51/1290	92.5%
	E70/2343	80%
Calingiri (WA)	E70/2788, E70/2789, E70/3674, E70/3680, E70/3755, E70/4327, E70/4476, E70/4517, E70/4674, E70/4675, E70/4676, E70/4732, E70/4746, P70/1576, P70/1593	100%

8. MINERAL RESOURCES

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

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

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

Competent Person Statements

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

The information in this report that relates to the Calingiri Mineral exploration results is extracted from an ASX Announcement dated 19 January 2016, (see ASX Announcement – 19 January 2016 “Caravel reports significant higher grades and extended mineralisation at its Calingiri Project”, www.caravelminerals.com.au and www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirmed the estimates and compiled supporting documentation in accordance with the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Production Targets and Financial Information

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