



Caravel Minerals Limited (ACN 120 069 089)

Financial Report

30 June 2018

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Corporate Directory

DIRECTORS AND COMPANY SECRETARY

Mr Wayne Trumble - Non-Executive Chairman
Mr Alasdair Cooke - Executive Director
Mr Alexander Sundich – Non-Executive Director
Mr Daniel Davis - Company Secretary

REGISTERED AND PRINCIPAL OFFICE

Level 1, 245 Churchill Avenue
Subiaco 6008
Western Australia

Telephone: +61 8 9426 6400
Facsimile: +61 8 9426 6448
Internet: www.caravelminerals.com.au

SHARE REGISTER

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

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

SECURITIES EXCHANGE LISTING

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

ASX CODE

CVV - Fully paid ordinary shares

SOLICITORS

Jackson MacDonald
17/225 St Georges Terrace,
Perth WA 6000

AUDITOR

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

Directors' Report

30 June 2018

The Directors of Caravel Minerals Limited (the "company" or "Caravel") present their report on the consolidated entity (the "group") consisting of Caravel Minerals Limited and its subsidiaries for the year ended 30 June 2018.

DIRECTORS

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

Mr Wayne Trumble (appointed 25 May 2018)
Mr Alasdair Cooke (appointed 7 May 2018)
Mr Alexander Sundich (appointed 7 May 2018)
Mr Marcel Hilmer (resigned 23 May 2018)
Mr James Harris (resigned 23 May 2018)
Mr Peter Alexander (resigned 23 May 2018)
Mr Daniel Ryan (appointed 20 November 2017, resigned 23 May 2018)

QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES OF DIRECTORS

Wayne Trumble - Chairman (appointed 25 May 2018)

Mr Trumble is a senior executive with 35 years of specific industry expertise in mining, electricity, investment and construction. Mr Trumble is currently employed as energy manager for Newmont Mining energy subsidiary Newmont Power Pty Ltd managing the supply of energy to the KCGM mining operations in Kalgoorlie.

For the twelve years to 2013, Mr Trumble was the Executive General Manager of Griffin Power Pty Ltd, reporting to the Board of the Griffin Group, where he led Griffin's move from fuel supplier to electricity generator. Mr Trumble led the team responsible for preparation of strategy and the development, execution and operation of Griffin's \$1.2 billion Bluewaters coal fired project, providing 436 MW of base load power in Western Australia.

Other current directorships

none

Special responsibilities

Chairman

Former directorships in the last three years

African Energy Resources Ltd
Molopo Energy Limited
Clean Energy Investment Holdings
Energy Made Clean Pty Ltd

Interests in shares and options

nil

Alasdair Cooke - Non-Executive Director (appointed 7 May 2018)

Alasdair Cooke has over 30-years experience in the mining industry with over 15 years managing public resource companies. Alasdair is a qualified geologist with a track record of successful exploration and project development. He is a founding partner of Perth-based investment and technical services company Mitchell River Group (MRG). MRG has established a number of successful mining projects including greenfield mines in Australia, Africa and South America. Mr Cooke is also the Chairman of Energy Ventures Ltd, African Energy Resources Ltd and a Director of Anova Metals Ltd.

Alasdair is a substantial shareholder of Caravel Minerals and was instrumental to the ore-sorting proof of concept for the Caravel Minerals Copper Project. MRG was also responsible for development of the first commercial ore-sorting installation for gold in Australia, at the Second Fortune mine near Laverton, WA.

Other current directorships

EVE Investments Limited
Anova Metals Limited
African Energy Resources Ltd

Special responsibilities

Executive Director

Former directorships in the last three years

none

Interests in shares and options

14,187,989 shares
4,557,408 options

Directors' Report

30 June 2018

Alexander Sundich - Non-Executive Director (appointed 7 May 2018)

Alex Sundich has over 30 years experience in the financial services industry and has been an independent corporate advisor and company director since 2008, focusing on clients in the mining industry.

Other current directorships

Petrel Energy Limited - Chairman
Ellex Medical Limited

Special responsibilities

nil

Former directorships in the last three years

Burleson Energy Limited
Cleveland Mining Limited

Interests in shares and options

800,001 shares
159,507 options

Marcel Hilmer - Executive Director and CEO (resigned 23 May 2018)

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

James Harris - Non-Executive Director (resigned 23 May 2018)

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

Peter Alexander - Non-Executive Director (resigned 23 May 2018)

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

Daniel Ryan - Non-Executive Director (appointed 20 November 2017, resigned 23 May 2018)

Dan is an engineer by profession and has over 35 years' experience in managing projects at a senior executive or board level with major engineering groups including E L Bateman, Signet Engineering and Fluor Australia. In 1999 Dan joined First Quantum Minerals as the senior manager of projects and remained with them until 2015. He has managed and executed projects in Australia, Chile, France, Spain and Finland.

Daniel Davis - Company Secretary (appointed 4 June 2018)

Daniel is a qualified accountant who has fourteen years experience in senior accounting and corporate roles for resources businesses in all stages from exploration to development, construction and mining. He has been company secretary of ASX-listed companies African Energy Resources, Albidon and Energy Ventures (now EVE Investments) in the past ten years.

Dale Hanna Company Secretary (resigned 4 June 2018)

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

Directors' Report

30 June 2018

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 2018.

REVIEW OF OPERATIONS AND ACTIVITIES

Caravel Minerals is a junior explorer based 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 deposits located in WA.

During the reporting period Caravel maintained its focus on its flagship Caravel Copper Project located 120km NE of Perth. in a regional copper-molybdenum-gold mineralised belt discovered in a previously unexplored part of the Yilgarn Craton.

During the year the Company released a number of additional announcements which are available from the Company website or from the ASX. A brief summary of announcements is provided below;

- The Company completed first phase bulk ore sorting testwork to determine a "proof of concept".
- Completion of a 1,281m RC drilling program confirmed the presence of a large new mineralised system at Dasher East and extensions of mineralisation at Opie.
- Planning for follow-up of these new areas and programme of core drilling at Bindi and Dasher to test continuity and extent of higher-grade zones.
- Preparation for new phase of feasibility studies to prepare project for final BFS decision; focus on tenure and identifying processing-specification range water sources as well as progressing work on opportunities such as higher grade in early mine schedule and ore sorting.

CORPORATE AND FINANCIAL POSITION

The group's net loss from operations for the year was \$2,483,941 (2017: \$1,651,251).

At 30 June 2018, the group had net current assets of \$347,894 (2017: \$256,798). Subsequent to year end, Caravel raised \$1,624,763 by the issue of 32,495,251 shares in a pro rata rights issue. 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.

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 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

Appointments of Alex Sundich and Alasdair Cooke as Directors and Wayne Trumble as Chairman following the retirements of former Directors.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 11 September 2018, the Company completed a 3 for 1 entitlement issue raising \$1,624,763 by the issue of 32,495,251 shares. The entitlement issue was partially underwritten by Bridge Street Capital, a related party of Alex Sundich.

Directors' Report

30 June 2018

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 2018 that have significantly affected or may significantly affect:

- (i) the operations in financial years subsequent to 30 June 2018 of the group;
- (ii) the results of those operations in financial years subsequent to 30 June 2018 of the group; or
- (iii) the state of affairs in financial years subsequent to 30 June 2018 of the group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

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

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

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

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2018, and the number of meetings attended by each director.

	Board Meetings Number Eligible to attend	Board Meetings Number attended
Marcel Hilmer (resigned 23 May 2018)	10	10
James Harris (resigned 23 May 2018)	10	10
Peter Alexander (resigned 23 May 2018)	10	8
Daniel Ryan (appointed 20 November 2017, resigned 23 May 2018)	9	9
Alexander Sundich (appointed 7 May 2018)	2	2
Alasdair Cooke (appointed 7 May 2018)	2	2
Wayne Trumble (appointed 25 May 2018)	1	1

INSURANCE OF OFFICERS AND AUDITORS

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

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$8,679 (2017: \$7,554) exclusive of GST.

Directors' Report

30 June 2018

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

Unquoted (exercise price \$0.12 and expiry date 15 December 2018)	9,702,809
Unquoted (exercise price \$0.075 and expiry date 31 August 2019)	8,900,000
Unquoted (exercise price \$0.068 and expiry date 28 March 2020)	1,400,000
Unquoted (exercise price \$0.10 and expiry date 12 May 2020)	400,000
Unquoted (exercise price \$0.07 and expiry date 30 June 2019)	15,710,413
Total existing Options	<u>36,113,222</u>

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

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

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

NON-AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is on page 13 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 Wayne Trumble (appointed 25 May 2018)	Non-Executive Director and Non-Executive Chairman
Mr Alasdair Cooke (appointed 7 May 2018)	Non-Executive Director and Executive Director
Mr Alexander Sundich (appointed 7 May 2018)	Non-Executive Director
Mr Marcel Hilmer (resigned 23 May 2018)	Executive Director and CEO
Mr James Harris (resigned 23 May 2018)	Non-Executive Director
Mr Peter Alexander (resigned 23 May 2018)	Non-Executive Director and Non-Executive Chairman
Mr Daniel Ryan (appointed 20 November 2017, resigned 23 May 2018)	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

Directors' Report

30 June 2018

in part by share based payments, the Company aims to align the interests of Directors and Executives with Shareholder wealth, thus providing individual incentive to perform and thereby improving overall Company performance and associated value.

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

REMUNERATION STRUCTURE

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

NON-EXECUTIVE DIRECTOR REMUNERATION

Objective

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

Structure

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

The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Company or shareholder wealth.

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 2018 and 30 June 2017 is detailed below, within this section.

EXECUTIVE REMUNERATION

Objective

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

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

Structure

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

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

Fixed Remuneration

Objective

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

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

Directors' Report

30 June 2018

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 2018 and 30 June 2017 is detailed below, within this section.

Variable Remuneration

Objective

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

Structure

Variable remuneration may be delivered in the form of options, shares or cash bonus. No cash bonuses were granted or paid during the year ended 30 June 2018 or in the prior year.

Executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (9.5% for the year ended 30 June 2017) and do not receive any other retirement benefit. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

Options Granted

During the year, Mr Marcel Hilmer was issued 1,100,000 options, with a strike price of \$0.06 per option, expiring on 23 August 2020. These options were issued to Mr Hilmer on 24 August 2017 being the date shareholders approved the issue in general meeting. These options were granted in the prior period and share based payment expense has been recognised in the prior period

Date of issue	30/08/2017
Number of options	1,100,000
Dividend yield (%)	0%
Expected volatility (%)	92.06%
Risk free interest rate (%)	1.62%
Expected life of the option (years)	3.00
Option exercise price (\$)	\$0.07
Fair value per options (\$)	\$0.0351
Share price at grant date (\$)	\$0.06

The options lapsed upon Mr Hilmer's resignation.

No other options were granted or issued to Directors or other KMP for the years ending 30 June 2018. No compensation options were exercised during the year.

EMPLOYMENT CONTRACTS

Executive Director (current)

The employment conditions of Executive Director, Mr Alasdair Cooke, are formalised in a contract of employment which commenced on 25 May 2018. The total current remuneration package as at 30 June 2018 was \$150,000 per annum. Notice of one month is required for either party to terminate the contract.

Executive Director and CEO (former)

The employment conditions of former Executive Director, Mr Marcel Hilmer, were formalised in a contract of employment which commenced on 20 November 2012 with an initial contract for a two year fixed term, which was terminated with effect from 23 May 2018. The total remuneration package as at termination was \$176,295 per annum inclusive of a 9.5% superannuation contribution. Notice of at least six months was required for either party to terminate the contract.

Directors' Report

30 June 2018

KEY MANAGEMENT PERSONNEL REMUNERATION

Key Management Personnel remuneration - 2018	Short term employee benefits		Long Term Benefits	Post-employment benefits	Share based payments	Total
	Cash salary	Termination	LSL	Superannuation	Options	
Non-Executive Directors						
James Harris	14,341	-	-	-	-	14,341
Peter Alexander	19,138	-	-	-	-	19,138
Daniel Ryan	8,113	-	-	-	-	8,113
Alexander Sundich	4,667	-	-	-	-	4,667
Wayne Trumble	2,945	-	-	-	-	2,945
Executive Directors						
Marcel Hilmer	207,170	73,362	-	20,115	-	300,647
Alasdair Cooke	16,849	-	-	-	-	16,849
Total	273,223	73,362	-	20,115	-	366,700

Key Management Personnel remuneration - 2017

Non-Executive Directors						
James Harris	16,000	-	-	1,520	-	17,520
Peter Alexander	16,000	-	-	1,520	-	17,520
Executive Directors						
Marcel Hilmer	143,000	-	8,046	33,295	38,610	222,951
Total	175,000	-	8,046	36,335	38,610	257,991

TOTAL REMUNERATION VARIES TO THE CONTRACT AMOUNT DUE TO MOVEMENTS IN THE ANNUAL LEAVE PROVISION

No remuneration was linked to performance during the year.

SHARE BASED COMPENSATION

SHARES ISSUED

No shares were issued to KMP's during the year ended 30 June 2018 (June 2017: nil).

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 30/06/2017	Balance at Date of Appointment	Purchases (Sales)	Balance at date of Resignation	Balance at 30/06/2018	Balance at Reporting Date
Non-Executive Directors						
James Harris	575,734	-	263,776	839,510	-	-
Peter Alexander	481,432	-	3,338,685	3,820,117	-	-
Daniel Ryan	-	984,125	124,247	1,108,372	-	-
Alexander Sundich	-	571,479	28,522	-	600,001	800,001
Wayne Trumble	-	-	-	-	-	-
Executive Directors						
Marcel Hilmer	2,473,594	-	4,037,974	6,511,568	-	-
Alasdair Cooke	-	9,065,992	1,575,000	-	10,640,992	14,187,989
Total	3,530,760	10,621,596	9,368,204	12,279,567	11,240,993	14,987,990

Directors' Report

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OPTION HOLDING

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

	Balance at 30/06/2017	Balance at Date of Appointment	Purchases (Sales)	Balance at date of Resignation	Balance at 30/06/2018	Balance at Reporting Date
Non-Executive Directors						
James Harris	35,211		131,888	167,099		-
Peter Alexander	17,605		1,669,342	1,686,947		-
Daniel Ryan	-		222,123	222,123		-
Alexander Sundich	-	145,246	14,261		159,507	159,507
Wayne Trumble			-		-	-
Executive Directors						
Marcel Hilmer	165,492		3,118,486	3,283,978	-	-
Alasdair Cooke	-	869,908	787,500		4,557,408	-
Total	218,308	1,015,154	5,943,600	5,360,147	4,716,915	159,507

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 2017 ANNUAL GENERAL MEETING

At the Annual General Meeting held on 28 November 2017 the company's shareholders did not record a vote of more than 25% against the Remuneration Report and no questions were raised at the meeting in relation to the Remuneration Report.

LOANS TO KEY MANAGEMENT PERSONNEL

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

END OF AUDITED REMUNERATION REPORT

Signed in accordance with a resolution of the directors.



Alasdair Cooke
Executive Director
26 September 2018

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 2018, 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 Ltd and the entity it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 26 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue from continuing operations	3.1	40,555	142,816
Administration services	3.2	(491,381)	(347,129)
Depreciation expense		(15,308)	(17,338)
Employee expenses	3.2	(705,643)	(665,016)
Exploration expenses		(1,300,175)	(664,584)
Loss on disposal of fixed assets		(11,989)	-
Impairment of exploration expenditure		-	(100,000)
Loss from continuing operations before income tax expense		(2,483,941)	(1,651,251)
Income tax expense	3.4	-	-
Loss from continuing operations		(2,483,941)	(1,651,251)
Loss for the year		(2,483,941)	(1,651,251)
Other comprehensive income		-	-
Comprehensive loss attributable to the shareholders of the Company		(2,483,941)	(1,651,251)
Basic and diluted loss per share (cents per share) for continuing operations attributable to the shareholders of the Company	3.5	(2.48)	(2.60)
Basic and diluted loss per share (cents per share) attributable to the shareholders of the Company	3.5	(2.48)	(2.60)

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 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	4.1	586,838	287,689
Trade and other receivables	4.3	57,507	18,223
Other current assets	4.4	26,200	57,462
Total current assets		670,545	363,374
Non-current assets			
Exploration and evaluation expenditure	2.1	3,107,811	3,107,811
Property, plant and equipment	2.2	98,848	101,915
Total non-current assets		3,206,659	3,209,726
Total assets		3,877,204	3,573,100
Liabilities			
Current liabilities			
Trade & other payables	4.5	322,651	65,283
Provisions		-	41,293
Total current liabilities		322,651	106,576
Total liabilities		322,651	106,576
Net assets		3,554,553	3,466,524
Equity			
Share capital	5.1	42,451,988	39,880,018
Accumulated loss		(41,640,769)	(39,156,828)
Reserves		2,743,334	2,743,334
Total equity attributable to shareholders of the Company		3,554,553	3,466,524

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 2018

	Contributed equity	Accumulated losses	Share-Based Payments Reserve	Total equity
	\$	\$	\$	\$
At 30 June 2017	39,880,018	(39,156,828)	2,743,334	3,466,524
Loss for the year	-	(2,483,941)	-	(2,483,941)
Effect of translation of foreign operations to group presentation currency	-	-	-	-
Total comprehensive income for the year	-	(2,483,941)	-	(2,483,941)
Transactions with owners in their capacity as owners:				
Issue of new shares	2,571,970			2,571,970
	2,571,970	-	-	2,571,970
At 30 June 2018	42,451,988	(41,640,769)	2,743,334	3,554,553
At 30 June 2016	38,661,548	(37,505,577)	2,617,974	3,773,945
Loss for the year	-	(1,651,251)	-	(1,651,251)
Effect of translation of foreign operations to group presentation currency	-	-	-	-
Total comprehensive income for the year	-	(1,651,251)	-	(1,651,251)
Transactions with owners in their capacity as owners:				
Share based payments			125,360	125,360
Share issuance net of costs	1,218,470	-		1,218,470
	1,218,470	-	125,360	1,343,830
At 30 June 2017	39,880,018	(39,156,828)	2,743,334	3,466,524

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 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Interest received		11,519	5,733
Government grants		29,036	44,219
Payments to suppliers and employees		(1,012,973)	(1,044,248)
Payments for exploration and evaluation expenditure		(1,030,873)	(583,444)
Net cash (outflow) from operating activities	4.2	(2,003,291)	(1,577,740)
Cash flows from investing activities			
Proceeds from receipt of security deposits		24,000	10,000
Proceeds / (Payments) for property, plant and equipment		(24,228)	100,455
Net cash inflow/(outflow) from investing activities		(228)	110,455
Cash flows from financing activities			
Proceeds from issue of shares		2,410,292	1,250,000
Share issue costs		(107,624)	(89,100)
Net cash inflow/(outflow) from financing activities		2,302,668	1,160,900
Cash and cash equivalents at the beginning of the year	4.1	287,689	594,075
Net (decrease) / increase in cash and cash equivalents		299,149	(306,385)
Cash and cash equivalents at the end of the year	4.1	586,838	287,689

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 2018

1. BASIS OF PREPARATION

The annual report of Caravel Minerals Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 26 September 2018.

1.1. STATEMENT OF COMPLIANCE

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.

1.2. BASIS OF MEASUREMENT

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

1.3. FUNCTIONAL AND PRESENTATION CURRENCY

The financial report is presented in Australian dollars.

1.4. 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.

1.5. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Caravel Minerals Limited ('company' or 'parent entity') as at 30 June 2018 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 6.1.1 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.

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.

1.6. 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.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

The Group incurred a net loss of \$2,483,941 during the year ended 30 June 2018 (2017: \$1,651,251) and as of that date the Group had current assets of \$363,374 (30 June 2017: \$363,374) including cash and cash equivalents of \$287,689 (30 June 2017: \$287,689). Net cash used in operating activities for the period was \$2,029,782 (2016: \$1,577,740).

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

The Directors are confident of the ability of the Company to potentially raise capital as and when required. The Directors are satisfied there are sufficient funds to meet the Group's working capital requirements as at the date of this report.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds as and when the need to raise funds arises. Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

1.7. 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

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

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

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

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

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

Where a potential impairment is indicated, an assessment is performed for each cash generating unit that is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy note 2.3.

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

2. CAPITAL EXPENDITURE

2.1. EXPLORATION & EVALUATION EXPENDITURE

Caravel Mineral's Copper Project is located 120kms from Perth in Western Australia's Wheatbelt region. The potential mining area is located on cleared agricultural freehold land and is well connected to existing infrastructure including interconnected power, roads and highways, regional service towns and a range of export ports. Caravel's copper deposits form part of a regional copper-molybdenum-gold mineralised belt discovered in a previously unexplored part of the Yilgarn Craton.

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.

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

Areas of interest:	2018 \$	2017 \$
Caravel Copper Project	3,107,811	3,107,811

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.

2.2. PROPERTY 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 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%

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

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

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.

	2018 \$	2017 \$
Land and building - Cost	72,921	72,921
Accumulated depreciation	(2,102)	(1,107)
Net carrying amount	70,818	71,814
Computer Equipment - Cost	2,038	110,792
Accumulated depreciation	(561)	(105,394)
Net carrying amount	1,477	5,398
Vehicles - Cost	120,567	182,810
Accumulated depreciation	(111,600)	(169,999)
Net carrying amount	8,967	12,810
Exploration Equipment - Cost	22,190	91,528
Accumulated depreciation	(4,605)	(81,302)
Net carrying amount	17,585	10,226
Office Equipment - Cost	-	16,858
Accumulated depreciation	-	(16,056)
Net carrying amount	-	801
Software - Cost	-	54,755
Accumulated depreciation	-	(53,890)
Net carrying amount	-	865
Total Property Plant and Equipment	217,716	529,664
Accumulated depreciation	(118,869)	(427,748)
Net carrying amount	98,848	101,915

2.3. 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.

No impairment indicators were noted for the period ended 30 June 2018

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

3. FINANCIAL PERFORMANCE

3.1. REVENUE

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:

	2018 \$	2017 \$
Revenue from continuing operations		
Interest revenue	11,519	5,733
Government EIS Grant	-	44,219
Other income	29,036	92,864
	40,555	142,816

3.2. EXPENSES

	2018 \$	2017 \$
Administration services		
Audit Tax and Accounting	27,594	36,365
Compliance & Insurance	57,465	46,158
Legal fees	185,323	8,807
Marketing	36,449	20,229
Occupancy	170,984	186,896
Travel	13,566	10,676
Other	-	37,998
	491,381	347,129
Employee expenses		
Directors Fees	273,223	175,000
Salaries and wages	253,617	385,473
Termination payments	146,635	5,643
Superannuation	32,168	52,041
Leave provisions	-	(40,891)
Share based payments expense - employees	-	87,750
	705,643	665,016
Other share-based payments (SBP)		
SBP consultants – included in Administration expenses	8,250	14,040
SBP drilling contractors – included in Exploration expenses	261,053	81,140
	269,303	95,180

3.3. 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.

3.4. 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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

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.

	2018 \$	2017 \$
<i>(a) The major components of income tax are:</i>		
Current income tax		
Current income tax benefit	(601,921)	(422,385)
Current income tax benefit not recognised	601,921	422,385
Deferred income tax		
Relating to the origination and reversal of temporary differences	45,192	20,644
Deferred Income Tax Charge not Recognised	(45,192)	(20,644)
Income tax expense reported in the income statement	-	-
<i>(b) A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Company's applicable income tax rate is as follows:</i>		
Accounting loss before tax from continuing operations	(2,483,941)	(1,651,251)
Loss before income tax from discontinued operations	-	-
Accounting loss before income tax	(2,483,941)	(1,651,251)
At the Company's statutory income tax rate of 27.5% (2017: 27.5%)	(683,084)	(454,0934)
Non-deductible expenses	372	1,172
Share based payments	80,791	30,537
DTA not brought to account as their realisation is not probable	601,921	422,385
	-	-
Income tax expense reported in the consolidated income statement	-	-
Income tax attributable to discontinued operations	-	-
	-	-

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

	2018 \$	2017 \$
Deferred tax assets have not been recognised in respect of		
Provisions and accruals	4,532	21,406
Business related costs	63,034	25,416
Carry forward revenue losses	13,453,524	12,750,653
Capital losses	286,109	286,109
Foreign losses	2,480	2,480
	13,809,679	13,086,064

3.5. LOSS PER SHARE

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.

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

	2018 \$	2017 \$
Loss attributable to ordinary shareholders	(2,483,941)	(1,651,251)
Issued number of ordinary shares at 1 July	68,429,777	38,661,548
Effect of shares issued during the period	31,670,452	24,865,042
Weighted average number of shares for year to 30 June	100,100,229	63,526,590
Basic loss per share (cents per share)	(2.48)	(2.60)

As at reporting date, 37,213,222 (2017: 11,502,809) unlisted options (which represent potential ordinary shares) were not dilutive as they would decrease the loss per share.

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.

4. WORKING CAPITAL MANAGEMENT

4.1. 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.

	2018 \$	2017 \$
Cash at bank and in hand	542,838	287,689
Short-term deposits	44,000	-
	586,838	287,689

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

4.2. RECONCILIATION OF NET LOSS AFTER INCOME TAX EXPENSE TO NET

	2018 \$	2017 \$
Cash flows from operating activities		
(Loss) for the year	(2,483,941)	(1,651,251)
Adjustments for:		
Equity-settled share-based payment expenses	-	182,930
Exploration expenses settled by issue of Shares	269,303	-
Depreciation and amortisation expense	15,308	17,338
(Profit)/Loss on disposal of Plant & Equipment	11,989	(41,364)
Impairment of tenements	-	100,000
Change in operating assets & liabilities		
(Increase)/decrease in receivables	(50,037)	34,461
Increase / (Decrease) in payables	275,274	(178,513)
Decrease in provisions	(41,186)	(40,891)
Net cash used in operating activities	(2,003,291)	(1,577,740)

4.3. 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.

	2018 \$	2017 \$
Trade debtors	-	18,100
GST receivable	57,507	123
	57,507	18,223

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality (refer to 8.3).

4.4. OTHER CURRENT ASSETS

	2018 \$	2017 \$
Bank term deposits - securing guarantees	25,000	49,000
Rental bond	-	1,000
Security deposits	1,200	200
Other current assets	-	7,262
	26,200	57,462

4.5. 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.

	2018 \$	2017 \$
Trade payables	135,943	24,671
Accrued expenses	159,411	-
Other payables	27,297	40,613
	322,651	65,283

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

5. FUNDING AND RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held. Ordinary shares are classified as equity.

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

5.1. 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.

	2018 \$	2017 \$
Contributed equity	44,415,797	41,736,203
Cost of share issue	(1,963,809)	(1,856,185)
	42,451,988	39,880,018

5.2. MOVEMENT IN SHARES ON ISSUE

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.

5.2.1. ORDINARY SHARES

	Date	Number of shares	Issue price cents	\$
Balance 30 June 2016		49,749,575		38,661,548
Contractor share based payments	09 Aug 2016	391,855	8.9	34,875
Placement	24 Aug 2016	9,632,954	7.1	683,940
Placement	07 Nov 2016	7,972,670	7.1	566,060
Contractor share based payments	17 May 2017	351,504	6.5	22,890
Contractor share based payments	19 May 2017	331,219	7.1	23,375
Less Transaction costs				(112,670)
Balance 30 June 2017		68,429,777		39,880,018
Share Placement	13 Jul 2017	13,554,000	5.0	678,200
Share Placement	30 Aug 2017	3,246,000	5.0	161,800
Contractor share based payments	05 Sep 2017	453,614	5.8	26,491
Share Placement	08 Dec 2017	8,000,000	5.0	400,000
Entitlement Issue	18 Jan 2018	13,864,730	5.0	693,237
Entitlement Issue (Underwriters)	18 Jan 2018	9,556,118	5.0	477,806
Capital raising	20 Feb 2018	907,596	5.8	52,787
Contractor share based payments	12 Jun 2018	2,486,838	7.3	181,774
Contractor share based payments	12 Jun 2018	122,541	6.1	7,500
Less Transaction costs	30 Jun 2018	0	-	(107,624)
Balance 30 June 2018		120,621,214		42,451,988

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

5.2.2. TREASURY SHARES

	Date	Number of shares	Issue price cents	\$
Balance 30 June 2016		3,695,244		0
<i>Changes from 1 Jul 2016 to 30 Jun 2017</i>		0		
Balance 30 June 2017		3,695,244		0
<i>Changes from 1 Jul 2017 to 30 Jun 2018</i>		0		
Balance 30 June 2017		3,695,244		0

5.3. UNLISTED OPTIONS

	2018 \$	2017 \$
Outstanding at the beginning of the year	11,502,809	11,799,598
Issued during the year	25,710,413	11,502,809
Expired or lapsed during the year	1,100,000	(11,799,598)
Outstanding at the end of the year	36,113,222	11,502,809
Exercisable at the end of the year	36,113,222	11,502,809

5.4. 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 2018, the Company issued 52,191,437 ordinary shares (2017: 18,680,202 ordinary shares).

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

5.5. SIGNIFICANT NON-CASH FINANCING AND INVESTING ACTIVITIES

On 17 May 2017, the Company issued 500,000 unlisted options to an advisor of the Company as a fee for investor relations services.

During the year, 3,848,048 (2017: 1,074,578) shares were issued to drilling contractors in payment of drilling services performed. A further 122,541 were issued to marketing consultants in payment of consulting fees.

5.6. 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.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

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 1.

5.6.1. 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.

5.6.2. 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 4.1, is available for use by the Group without restrictions.

Financial liabilities of the Group at 30 June 2018 and 30 June 2017 are expected to be settled within 6 months of year-end.

5.6.3. MARKET RISK

(A) 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.

(B) FOREIGN CURRENCY RISK

The group do not have any foreign currency balances and therefore is not exposed to any foreign currency risk.

(C) 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 2018 and 2017 and represents management's judgement of a reasonably possible movement.

	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Gain \$	Equity \$
30 June 2018					
Cash and cash equivalents	586,838	(5,868)	(5,868)	5,868	5,868
Other current assets	26,200	(262)	(262)	262	262
30 June 2017					
Cash and cash equivalents	287,689	(2,877)	(2,877)	2,877	2,877
Other current assets	57,462	(575)	(575)	575	575

None of the Group's financial liabilities in 2018 or 2017 were interest bearing. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

6. GROUP STRUCTURE

6.1. BASIS OF CONSOLIDATION

6.1.1. SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

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

6.1.2. TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

6.1.3. COMPARATIVES

Prior period comparatives are for the year from 1 July 2016 to 30 June 2017.

6.2. 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 the Notes to the Financial Statements.

	2018 \$	2017 \$
Current Assets	557,001	313,866
Non-Current Assets	3,301,695	30,102
Total Assets	3,858,697	343,968
Current Liabilities	304,144	77,614
Total Liabilities	304,144	77,614
Contributed equity	42,478,479	39,880,018
Accumulated losses	(48,776,366)	(42,356,998)
Reserves	2,743,334	2,743,334
Total Equity	(3,554,553)	266,354
Gain (loss) for the year	(3,925,655)	(5,377,932)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive income / (loss) for the year	(3,925,655)	(5,377,932)

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

7. RELATED PARTIES

7.1. RELATED PARTIES

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:

	2018 \$	2017 \$
Short term employee benefits	346,585	175,000
Long term employee benefits	-	8,046
Post-employment benefits	20,115	36,335
Share based payments	-	38,610
Total compensation	366,700	257,991

7.2. TRANSACTIONS WITH OTHER RELATED PARTIES

During the year ending 30 June 2018, \$25,200 was received from Forsys Metals, of which Mr Marcel Hilmer was a director, for provision of serviced offices (2017: \$50,400).

7.3. SHARE BASED PAYMENTS

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

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

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

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

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 3.5).

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

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.

7.4. EMPLOYEE SHARE ACQUISITION PLAN

Shareholders approved the establishment of the Caravel Employee Share Acquisition Plan at a general meeting on 13 March 2013. Nil shares were issued under this scheme during the year ended 30 June 2018 (2017: Nil).

During the year a total of 2,780,084 shares were forfeited by employees upon ceasing employment with the company.

	Balance 1 July 2017	Granted during the period	Forfeited during the period	Balance at 30 June 2018	Vested at 30 June 2018
Directors					
Marcel Hilmer	1,068,182	-	1,068,182	-	-
James Harris	318,182	-	318,182	-	-
Peter Alexander	318,182	-	318,182	-	-
Employees					
Incentive Shares	1,075,538	-	1,075,538	-	-
Total	2,780,084	-	2,780,084	-	-

SUMMARY OF OPTIONS GRANTED AS CONSIDERATION FOR SERVICES PROVIDED TO THE COMPANY

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

	2018 Number	2018 WAEP	2017 Number	2017 WAEP
Outstanding at the beginning of the year	3,800,000	0.12	780,115	0.26
Granted during the year	-	-	3,800,000	0.11
Expired or lapsed during the year	-	-	(780,115)	0.26
Outstanding at the end of the year	3,800,000	0.12	3,800,000	0.12
Exercisable at the end of the year ⁽¹⁾	-	-	2,700,000	0.11

7.5. OPTION PRICING MODEL

Options granted during the year have been valued using the Black-Scholes Option Valuation model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. See below for the assumptions used for grants made during the year ended 30 June 2018:

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

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

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.

7.6. SHARES

During the year 3,970,589 ordinary shares were issued to contractors of the Company for drilling and marketing services. The shares were issued at market value calculated by a 10-day VWAP at the end of each invoice month for a total consideration of \$269,303. The value of the services could not be reliably determined and therefore, were measured at their fair value calculated on the 10-day VWAP (volume weighted) trading price of the company's share price for the last 10 days of each calendar month in which the invoice was received.

7.7. RECOGNISED SHARE BASED PAYMENT EXPENSE IN PROFIT OR LOSS

	2018 \$	2017 \$
Expense arising from employee options issued	-	87,750
Expense arising from consultant options issued	-	14,040
Shares issued for marketing services	8,250	-
Shares issued for drilling services	261,053	81,140
Total share-based payments expensed in profit or loss	269,303	182,930
Share based payments recognised in share issue costs	-	23,570
Total share-based payments	269,303	206,500

8. OTHER

8.1. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 11 September 2018, the Company completed a 3 for 1 entitlement issue raising \$1,624,763 by the issue of 32,495,251 shares. The entitlement issue was partially underwritten by Bridge Street Capital, a related party of Alex Sundich.

Other than the matters above, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2018 that have significantly affected or may significantly affect:

the operations, in financial years subsequent to 30 June 2018, of the Group;

the results of those operations, in financial years subsequent to 30 June 2018, of the Group.

8.2. COMMITMENTS AND CONTINGENCIES

The Company has certain obligations to perform minimum exploration work on the tenements in which it has an interest. These obligations vary from time to time. The aggregate of the prescribed expenditure conditions applicable to the granted tenements for the next twelve months amounts to \$764,330.

Application for exemption from all or some of the prescribed expenditure conditions will be made but no assurance is given that any such application will be granted. Nevertheless, the Company is optimistic, given its level of expenditure in the North Perth Basin, that it would likely be granted exemptions, on a project basis, in respect of the prescribed expenditure conditions applicable to many of its North Perth Basin tenements.

If the prescribed expenditure conditions are not met with respect to a tenement, that tenement is liable to forfeiture.

The Company has the ability to diminish its exposure under these conditions through the application of a variety of techniques including applying for exemptions (from the regulatory expenditure obligations), surrendering tenements, relinquishing portions of tenements or entering into farm-out agreements whereby third parties bear the burdens of such obligation in whole or in part

As at 30 June 2018 Caravel Minerals Limited has no contingent liabilities.

Notes to the Consolidated Financial Statements For the Year Ended 30 June 2018

8.3. REMUNERATION OF AUDITORS

	2018 \$	2017 \$
Amount received or due and receivable by the auditor for: Auditing the financial statements, including audit review - current year audits	35,000	35,000
Total remuneration of auditors	35,000	35,000

8.4. NEW AND REVISED ACCOUNTING STANDARDS

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2017.

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current year or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting year. The Group's assessment of the impact of these new standards and interpretations that may have an impact on the Group is set out below:

AASB 9 Financial Instruments

AASB 9 includes requirements for the classification and measurement of financial assets. There is no material impact for Caravel. This standard is not applicable until the financial year commencing 1 July 2018.

AASB 15 Revenue from Contracts with Customers

AASB 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. This standard is not applicable until the financial year commencing 1 July 2018, and there will be no impact on Caravel's financial statements.

AASB 16 Leases

AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. There is no material impact for Caravel. This standard is not applicable until the financial year commencing 1 July 2019.

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 2018 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 2018.

On behalf of the Board.



Alasdair Cooke
Executive Director
26 September 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Caravel Minerals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Caravel Minerals Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1.6 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

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

Carrying value of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of the capitalised exploration and evaluation asset as at 30 June 2018 is disclosed in Note 2.1 of the financial report.</p> <p>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Company, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the area of interest held by the Company and assessing whether the rights to tenure of the area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the area of interest by holding discussions with management, and reviewing the Company's exploration budgets, ASX announcements and director's minutes; • Considering whether the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 2.1 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Chairmans letter, Project & Strategy review and the Annual Statement of mineral resources, which is expected to be made available to us after that date.

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

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

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

When we read the Chairmans letter, Project & Strategy review and the Annual Statement of mineral resources, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Caravel Minerals Ltd, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

Jarrad Prue

Director

Perth, 26 September 2018