



CARAVEL MINERALS LIMITED
ACN 120 069 089
INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

Corporate Directory

DIRECTORS

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

Mr James Harris – Non-Executive Director

Mr Peter Alexander – Non-Executive Director

COMPANY SECRETARY

Mr Simon Robertson

REGISTERED AND PRINCIPAL OFFICE

Level 3, 18 Richardson Street
West Perth 6005
Western Australia

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

SHARE REGISTER

Security Transfer Australia 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 Georges Terrace
Perth 6000
Western Australia

ASX CODE

CVV - Fully paid ordinary shares

SOLICITORS

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

AUDITOR

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

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Directors' Report

31 December 2016

The Directors of Caravel Minerals Limited (the "Company") present their report on the consolidated entity (the "Group") consisting of Caravel Minerals Limited and its subsidiaries for the half-year ended 31 December 2016.

DIRECTORS

The names of the directors who held office during the whole of the half-year and up to the date of this report are:

Mr Marcel Hilmer – Executive Director and CEO

Mr James Harris – Non-executive Director

Mr Peter Alexander – Non-executive Director

COMPANY SECRETARY

Mr Simon Robertson

REVIEW AND RESULTS OF OPERATIONS

The net loss of the Group after income tax for the half-year ended 31 December 2016 amounted to loss of \$819,818 (2015: \$438,639).

REVIEW OF ACTIVITIES

The Group's activities are reported in announcements to the ASX. Highlights of the half-year of 1 July to 31 December 2016 include:

Calingiri Project, WA

The JORC Scoping Study was released on 28th June 2016 and subsequently the Company interacted with stakeholders, investors and the market about the significant advances made and the robust outcomes. A brief summary of the CSA Global study findings are as follows:

- Life of Mine operating cash surplus of A\$1.5B (after tax) from revenue of A\$7.1B¹
- NPV₇ pre and post-tax of \$800M and \$520M¹
- Estimated LOM Operating Cash Cost (C1) of A\$1.50/lb² : first five years A\$1.40/lb²
- Low pre-production Capital Cost of A\$440M – 3 year Payback
- Production of 40,000t Cu in first full year - LOM average of 36,000t Cu
- 710,000t Cu within the initial mine plan (310Mt @ 0.3% CuEq)³, plus by-product
- Significant nearby expansion and organic growth potential

The Company was pleased to announce in November 2016 that the next phase of exploration activity would commence at Calingiri following the completion of the grain harvesting season. This component of a planned multi-phase field exploration programme is underway and remains on schedule to be completed in Q1 2017. An initial air core drilling program is testing several copper sulphide targets in close proximity to the Bindi and Dasher JORC Resources, as well as an undrilled trend near the western perimeter. The initial programs include:

- Air core drilling to test previously undrilled geochemical anomalies within the regional copper-molybdenum Target Trend
- Air core drilling to test a previously undrilled regional structural trend with coincident copper geochemical anomalism and
- Initial geophysical testing of a multielement geochemical target interpreted to be a potential VMS target

The planned exploration programs are part of Caravel's strategy to increase the size and grade of the existing JORC Resources at Calingiri with the results being incorporated in the planned Pre-Feasibility Study due in 2017. Results are expected to be released late in Q1 2017.

Research Note

On 5th September 2016 the Company advised that Independent Investment Research had published a research note on the Company. A copy of the report can be found on the Company's website.

1. Based on production of 1.56B/lbs, US\$2.75 copper price, A\$/US\$ exchange rate of 72c.

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

3. See ASX announcement of 4 April 2016 for JORC Table 1

Directors Report

31 December 2016

Share Placement

On 18th August 2016 the Company announced that it had received commitments from investors to raise \$1.25M through the issue of 17.6m shares at an issue price of \$0.071. Subject to shareholder approval on 27 October 2016, investors participating in the Placement would be issued 1 free attaching unlisted option exercisable at \$0.12 for each 2 shares issued, expiring in December 2018.

On 8th November 2016 the Company announced that it has issued 7.97m shares under Tranche 2 of the placement announced on 18 August 2016. The Company had also issued 9.2m attaching options exercisable at \$0.12 on or before 15 December 2018 relating to Tranche 1 and Tranche 2 of the Placement. Gross proceeds of \$1,250,000 raised across both Tranches including \$566,060 in Tranche 2.

Bryah Project, WA

On 25th November 2016 the Company announced the results of a moving loop electromagnetic survey designed to test two x 2 km long copper-zinc-gold geochemical anomalies. While a number of conductive features were identified, follow up fixed loop (FLEM) surveying and modelling of the data suggests that the features are flat-lying and most likely reflect a regolith source rather than the targeted steeply dipping bedrock sulphide mineralisation. Based on these results management impaired the project to a zero market value with the resulting impairment expensed to the profit or loss during the period.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the directors of Caravel Minerals Limited on page 13 forms part of the Directors' report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.



Marcel Hilmer
Executive Director and CEO
Dated: 9 March 2017
Perth, Western Australia.

Cautionary Statement

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

Competent Person's Statement

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

Consolidated Statement of Profit and Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Revenue from continuing operations	3(a)	11,359	114,396
Other income	3(b)	-	317,099
Administration services		(199,426)	(313,673)
Finance costs		-	(6,657)
Depreciation expense		(9,293)	(12,212)
Employee expenses		(324,981)	(450,487)
Exploration expenses		(197,477)	(87,105)
Impairment of exploration expenditure	6	(100,000)	-
Loss from continuing operations before income tax expense		(819,818)	(438,639)
Income tax expense relating to continuing operations		-	-
Loss from continuing operations after income tax		(819,818)	(438,639)
Loss from discontinued operations		-	-
Loss for the period		(819,818)	(438,639)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Other comprehensive income for the period net of taxes		-	-
Comprehensive loss attributable to the shareholders of the Company		(819,818)	(438,639)
Comprehensive loss attributable to the shareholders of the Company arises from:			
Continuing activities		(819,818)	(438,639)
Discontinued operations		-	-
		(819,818)	(438,639)
Basic and diluted loss per share (cents per share) for continuing operations attributable to the shareholders of the Company		(1.39)	(0.99)
Basic and diluted loss per share (cents per share) attributable to the shareholders of the Company		N/A	N/A

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

Consolidated Statement of Financial Position As at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		958,482	594,075
Trade and other receivables		11,275	59,496
Other current assets		50,200	60,200
Total Current Assets		1,019,957	713,771
Non-Current Assets			
Plant and equipment		121,601	131,844
Exploration and evaluation expenditure	6	3,107,811	3,207,811
Total Non-Current Assets		3,229,412	3,339,655
TOTAL ASSETS		4,249,369	4,053,426
Current Liabilities			
Trade and other payables		45,820	197,297
Provisions		50,147	82,184
Total Current Liabilities		95,967	279,481
TOTAL LIABILITIES		95,967	279,481
NET ASSETS		4,153,402	3,773,945
EQUITY			
Share capital	7	39,849,903	38,661,548
Accumulated loss		(38,325,395)	(37,505,577)
Reserves		2,628,894	2,617,974
TOTAL EQUITY		4,153,402	3,773,945

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

Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
Share capital		
Common shares		
Balance as at beginning of the period	38,661,548	36,672,676
Share issuance net of costs	1,188,355	1,876,318
Balance as at end of the period	39,849,903	38,548,994
Total share capital	39,849,903	38,548,994
Accumulated loss		
Balance as at beginning of the period	(37,505,577)	(36,613,172)
Loss for the period attributable to shareholders of the Company	(819,818)	(438,639)
Total accumulated loss	(38,325,395)	(37,051,811)
Reserves		
Share based payments reserve		
Balance as at beginning of the period	2,607,735	2,453,639
Share based compensation	10,920	143,174
Balance as at end of the period	2,618,655	2,596,813
Converted option reserve		
Balance as at beginning of the period	10,239	10,239
Options converted	-	-
Balance as at end of the period	10,239	10,239
Total reserves	2,628,894	2,607,052
Total comprehensive loss for the period	(819,818)	(438,639)

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

Consolidated Statement of Cash Flows For the Half-Year Ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities			
Interest received		3,218	4,037
Interest paid		-	(2,582)
Government grants		-	172,031
Receipt of farm-in funds	5	37,145	1,108,102
Payments to suppliers and employees		(575,961)	(743,708)
Payments for exploration and evaluation expenditure		(283,486)	(695,235)
Net cash used in operating activities		(819,084)	(157,355)
Cash flows from investing activities			
Proceeds from term deposits		10,000	-
Proceeds from disposal of plant and equipment		9,091	-
Payments for plant and equipment		-	(10,122)
Net cash inflow / (outflow) in investing activities		19,091	(10,122)
Cash flows from financing activities			
Proceeds from issue of shares		1,250,000	1,451,940
Share issue costs		(85,600)	(95,334)
Repayment of borrowings		-	(200,000)
Net cash inflow from financing activities		1,164,400	1,156,606
Increase in cash and cash equivalents held		364,407	989,129
Cash and cash equivalents at the beginning of the period		594,075	146,414
Cash and cash equivalents at the end of the period		958,482	1,135,543

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

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

Accordingly, the half-year financial report does not include full disclosures of the type normally included in the annual financial report and therefore cannot be expected to provide as full and understanding of the financial performance, financial position and financing and investing activities as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Caravel Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

b) Reporting basis and conventions

The half-year financial report has been prepared on an accruals basis and are based on historical costs.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2016 annual financial report for the financial year ended 30 June 2016.

c) Accounting policies

The accounting policies applied by the Group in the interim financial report are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2016 and the corresponding interim reporting period and have been consistently applied unless otherwise stated.

New amended and revised standards that are mandatory for 31 December 2016 interim periods have been applied in this interim financial report and did not have a significant impact on the reported results or financial position.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2016 interim reporting period and have not been applied in these financial statements.

d) Going Concern

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

The Group incurred a net loss of \$819,818 during the half-year ended 31 December 2016 and as of that date the Group had current assets of \$1,019,957 (30 June 2016: \$713,771) including cash and cash equivalents of \$958,482 (30 June 2016: \$594,075). Net cash used in operating activities for the period was \$819,084 (2015: \$157,355).

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 raise capital as and when required, which has been demonstrated by the Company raising \$1,250,000 before costs during the 2016 calendar year (2015: \$1,452,000). The Directors are satisfied there are sufficient funds to meet the Group's working capital requirements as at the date of this report. Subsequent to period end the Group expects to receive additional funding through an equity raise or joint venture funding.

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.

2. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the Company's accounting policy.

Name of entity	Country of incorporation	Class of shares	Equity holding 31 December 2016	Date of incorporation
Quadrio Resources Pty Ltd	Australia	Ordinary	100%	11 June 1985
Caravel Employee Share Plan Pty Ltd	Australia	Ordinary	100%	13 March 2013

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

3. REVENUE

	31 December 2016 \$	31 December 2015 \$
<i>(a) Revenue from continuing operations</i>		
Interest revenue	3,218	4,037
Profit on sale of plant and equipment	8,141	-
Management fees	-	110,359
	11,359	114,396
<i>(b) Other income</i>		
Government R&D rebate	-	172,031
Gain on settlement of financial liability	-	145,068
	-	317,099

4. 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.

5. CALINGIRI FARM-IN

On 8 July 2015 the Group executed a Farm-in and Joint Venture Agreement ("FIA") with First Quantum Minerals (Australia) Pty Ltd ("FQM") in relation to the Calingiri Project. During the period ending 31 December 2016 the following earning funds were received from FQM and distributed for earning expenditure:

	31 December 2016 \$	30 June 2016 \$
Funds received	37,145	1,364,896
Earning expenditure	-	(1,149,214)
Farm-in manager allowance (including GST)	-	(252,827)
Advance payments balance at period end	-	(37,145)

(a) Accounting for farm-ins

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

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

6. EXPLORATION & EVALUATION EXPENDITURE

The Group has exploration costs carried forward in respect of areas of interest:	31 December 2016 \$	30 June 2016 \$
Areas of interest:		
Calingiri tenements	3,107,811	3,107,811
Bryah tenements	-	100,000
	3,107,811	3,207,811

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. At the period end the Company recognises that no further exploration will be carried out on the Bryah tenements and has therefore impaired the tenements to reflect the non-recoverability of any value for these tenements.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

6. EXPLORATION & EVALUATION EXPENDITURE

Reconciliation:

Calingiri tenements		
Balance at the beginning of the period	3,107,811	3,107,811
Balance at end of the period	3,107,811	3,107,811

Bryah tenements		
Balance at the beginning of period	100,000	100,000
Impairment	(100,000)	-
Balance at end of period	-	100,000

7. CONTRIBUTED EQUITY

	31 December 2016 \$	30 June 2016 \$
(a) Issued and paid up capital		
67,747,054 (30 June 2016: 49,749,575) fully paid ordinary shares	39,849,903	38,661,548

(b) Movement in shares on issue	<i>note</i>	No.	\$
<i>(1) Ordinary Shares</i>			
Balance – 1 July 2015		745,938,533	36,672,676
Issue of Shares		323,826,894	2,107,914
Less Transaction costs		-	(119,042)
Share consolidation 22:1		(1,020,015,852)	-
Balance – 30 June 2016		49,749,575	38,661,548
Issue of shares:			
Capital raising		17,605,623	1,250,000
Contractor share based payments	9(c)	391,855	34,875
Less Transaction costs		-	(96,520)
Conversion of performance shares		1	-
Balance – 31 December 2016		67,747,054	39,849,903
<i>(2) Treasury Shares</i>			
Shares held by the Trust	9(a)	(3,695,244)	-
<i>(3) Performance Shares</i>			
Balance 1 July 2015		2,000,000	-
Cancellation and conversion		(2,000,000)	-
Balance – 30 June and 31 December 2016		-	-

8. RELATED PARTIES

(a) Transactions with Key Management Personnel ("KMP")

During the period ending 31 December 2016 no transactions occurred with KMP.

(b) Transactions with Other Related Parties

During the period ending 31 December 2016 \$25,200 was received from a public company, of which Mr Marcel Hilmer is a director, for provision of serviced offices (31 December 2015 \$26,800).

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

9. SHARE BASED PAYMENTS

(a) Employee Share Acquisition Plan

Shareholders approved the establishment of the Caravel Employee Share Acquisition Plan at a general meeting on 13 March 2013. The Company believes that the share acquisition plan provides eligible employees and Directors effective incentive for their ongoing commitment and contribution to the Company. Eligible employees and Directors offered shares under the scheme are provided a limited recourse, interest free loan to be used to subscribe for the shares in the Company. Nil shares were issued or forfeited under this scheme during the period ended 31 December 2016.

	Balance 1 July 2015	Granted during the period	Forfeited during the period	Balance at 31 December 2016	Vested at 31 December 2016
Directors					
Marcel Hilmer	1,068,182	-	-	1,068,182	1,068,182
James Harris	318,182	-	-	318,182	318,182
Peter Alexander	318,182	-	-	318,182	318,182
Employees					
Incentive Shares	1,990,698	-	-	1,990,698	1,990,698
Total	3,695,244	-	-	3,695,244	3,695,244

(b) Options

During the period 400,000 unlisted options were issued to consultants for capital raising services. The services rendered did not have an agreed value so were independently determined using a Black-Scholes Option Valuation model.

(i) Terms and conditions of share-based payments

Terms and conditions of options granted during the period ended 31 December 2016

Terms and conditions of Options granted to a Consultant

- Each Option shall be issued for no consideration.
- Each Option entitles the holder to subscribe for one Share upon exercise.
- The exercise prices of the Options are \$0.12.
- The Options are exercisable at any time prior to the Expiry Date.
- The Options expire on 15 December 2018.
- Shares issued on exercise of the Options rank equally with the then shares of the Company.
- No application for quotation of the Options will be made by the Company.
- The Options are non-transferable.

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules, which apply to the reconstruction at the time of the reconstruction.

(ii) Summary of options granted

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

	31 December 2016	
	No.	WAEP
Outstanding at the beginning of the period	780,115	\$0.263
Granted during the half-year	400,000	\$0.12
Exercised during the half-year	-	-
Expired or lapsed during the half-year	(34,091)	\$0.462
Outstanding at the end of the period	1,146,024	\$0.207
Exercisable at the end of the period	1,146,024	\$0.207

(iii) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 31 December 2016 is 0.74 years.

(iv) Range of exercise prices

The range of exercise prices for options outstanding at the end of the period was \$0.12 - \$0.286.

(v) Weighted average fair value

The weighted average fair value of options granted during the half-year was \$0.0273.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

9. SHARE BASED PAYMENTS

(c) Shares

In August 2016 shares were issued to consultants for services rendered. A total of 391,855 ordinary shares were issued at market value calculated by a 5 day VWAP for a total consideration of \$34,875 being the invoice value for services rendered.

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

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

	31 December 2016 \$	31 December 2015 \$
Expense arising from employee share plan acquisitions	-	112,626
Expense arising from consultants options issued	-	10,148
Expense arising from consultants shares issued 9(c)	34,875	56,550
Total share based payments expensed in profit or loss	34,875	179,324
Share based payments recognised in share issue costs 9(b)	10,920	20,400
Total share based payments	45,795	199,724

10. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities.

11. COMMITMENTS

There has been no material change in commitments since the last annual reporting date.

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

At the date of this report there are no other matters or circumstances which have arisen since 31 December 2016 that have significantly affected or may significantly affect:

- the operations, in financial periods subsequent to 31 December 2016, of the Group;
- the results of those operations, in financial periods subsequent to 31 December 2016, of the Group; or
- the state of affairs, in financial periods subsequent to 31 December 2016, of the Group.

DIRECTORS' DECLARATION

The directors of the Group declare that:

1. the financial statements and notes as set out on pages 3 to 11 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the period ended on that date; and
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Marcel Hilmer
Executive Director & CEO

Perth,
9 March 2017

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

As lead auditor for the review of Caravel Minerals Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 9 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Caravel Minerals Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Caravel Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Caravel Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Caravel Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1(d) 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 consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 9 March 2017