



CARAVEL MINERALS LIMITED CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Caravel Minerals Limited ("Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this section of the Company's website.

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the company are achieved, how risk is monitored and assessed and how performance is optimised.

Whilst the Board has demonstrated, and continues to demonstrate, its commitment to best practice in corporate governance, it emphasises that good corporate governance is only one factor contributing to the success of the Company's operations.

Information about the Company's corporate governance practices are outlined in the following pages.

STATEMENT OF BOARD AND MANAGEMENT FUNCTIONS

1. Board Charter

A Board Charter has been established dealing with:

- The role and responsibilities of the Board, Chairperson, Non-executive Directors, Managing Director or CEO and Company Secretary;
- Board composition and nomination; and
- Procedure for selection and appointment of new Directors.

2. Role and Responsibility of Management

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Management is responsible for reporting all matters which fall within the Materiality Threshold at first instance to the Managing Director or if the matter concerns the Managing Director then directly to the Chairperson or the lead independent director, as appropriate.

3. Relationship of Board with Management

Management of the day-to-day business of the Company is to be conducted by or under the supervision of the Board, and by those other officers and employees to whom the management function is properly delegated by the Board.

The Board will adopt appropriate structures and procedures to ensure that the Board functions independently of management. Appropriate procedures may involve the Board meeting on a regular basis without management present, or may involve expressly assigning the responsibility for administering the Board's relationship to management to a Committee of the Board.

Information is formally presented to the Board at Board meetings by way of Board reports and review of performance to date. When directors are providing information about opportunities for the Company, this should always be through the Board.

CODE OF CONDUCT FOR DIRECTORS AND EMPLOYEES

A code of conduct has been established for Directors and employees. It requires all business affairs to be conducted legally, ethically and with integrity. The code provides for reporting of breach of the code by others.

POLICY ON SECURITIES TRADING

As required by the ASX Listing Rules the Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees.

POLICY AND PROCEDURES FOR COMPLIANCE WITH CONTINUOUS DISCLOSURE REQUIREMENTS

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company by way of a Disclosure of Information Policy. It is detailed in its application covering the following areas:

- Identification of key obligations of directors and employees
- Disclosure requirements
- Materiality
- Confidential information
- Disclosure.

ARRANGEMENTS REGARDING COMMUNICATION WITH AND PARTICIPATION OF SHAREHOLDERS

General Communication

The Board of directors aims to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs. Information is communicated to shareholders as follows:

- The annual report is distributed to all shareholders who request a copy. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in

addition to the other disclosures required by the Corporations Act and is lodged with the Australian Securities Exchange;

- The half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act and is lodged with the Australian Securities Exchange. The half-yearly report is sent to any shareholder who requests it;
- The quarterly report contains summarised cash flow financial information and details about the Company's activities during the quarter. The quarterly report is sent to any shareholder who requests it and is lodged with the Australian Securities Exchange;
- Company announcements made to ASX are included on the Company website and distributed to any investor registered to receive them;
- The Managing Director makes himself available to investors to provide presentations about the Company and respond to queries as requested;
- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders;
- The Company's website includes information about the Company, its projects and contact details; and
- The Company's website provides for security holders to send communications to the Company electronically and elect to receive information about the Company in electronic form. The Company's share registry also has the capability to send and receive electronic communications.

Participation at Annual General Meeting

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

Company's Website

The Company maintains a website at www.caravelminerals.com.au.

On its website, the Company makes the following information available on a regular and up to date basis:

- Information about the Company and its projects;
 - company announcements;
 - latest information briefings;
 - notices of meetings and explanatory materials;
 - quarterly, half yearly and annual reports;
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COMPANY'S RISK MANAGEMENT POLICY AND INTERNAL COMPLIANCE AND CONTROL SYSTEM

A separate Risk Committee has not been established.

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

Arrangements put in place by the Board to monitor risk management include:

- Regular reporting to the Board in respect of operations and the financial position of the Company;
- Reviewing, on at least an annual basis, the Company's risk management framework to ensure it continues to be sound and appropriate for the Company's size and levels of operations.

INTEGRITY IN CORPORATE REPORTING

Audit Committee

The Board has not established an Audit Committee. The functions usually undertaken by an Audit Committee are undertaken by the full Board and include:

- To monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments.
- To review the Company's internal financial control system and, unless expressly addressed by a separate risk committee self, risk management systems.
- To consider the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- To monitor and review the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements.

To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the financial records of the Company have been properly maintained;
- the consolidated financial statements of the Company and its controlled entity

for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;

- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's shall ensure the auditor attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PROCESS FOR PERFORMANCE EVALUATION OF THE BOARD INDIVIDUAL DIRECTORS AND KEY EXECUTIVES

The Chairperson (a director nominated by the board) is responsible for conducting an annual review of overall Board performance during a regular meeting of the Board. The Chairperson will review all key executives annually.

The Board has adopted a self-evaluation process to measure its own during each financial year. Also, an annual review will be undertaken in relation to the composition and skills mix of the Directors of the Company.

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

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

Appropriate opportunities for the development and maintenance of relevant skills and knowledge needed to perform their respective roles as Directors or executives will be provided by the Company.

REMUNERATION ARRANGEMENTS

Due to its small size the Board has not established a Remuneration Committee. **The full Board is responsible for considering the remuneration arrangements for Directors and executives of the Company.**

The total remuneration of executives may consist of the following:

- salary – executives receive a fixed sum payable monthly in cash;
- short – term incentives – executives may be paid bonuses at the discretion of the board;

- long - term incentives – executives may participate in the Company's equity based incentive schemes; and
- other benefits – executives receive superannuation contributions and may receive such other benefits as may be approved by the Board from time to time.

Shareholders approve the maximum aggregate remuneration for non-executive Directors. The Board recommends the actual payments to Directors comprising a set annual Director fee, plus statutory superannuation. The maximum aggregate remuneration approved for non-executive Directors is currently \$300,000.

Non-executive Directors may be granted options or participate in the Company's Loan Funded Share Plan with the prior approval of shareholders.

All Directors are entitled to have their indemnity insurance paid by the Company. In addition certain directors are paid fees under consulting arrangements. For a full discussion of the Company's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report each year in the Annual 30 June Financial Statements.

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