

This statement has been approved by the Board and generally covers the period 1 July 2018 to 30 June 2019. It is current as at 27 September 2019. The Board and Company Secretary of Caravel Minerals Limited (Caravel Minerals or the "Company") are committed to acting responsibly, ethically and with high standard of integrity as the Company strives to create shareholder value. Caravel Minerals is committed to implementing the highest standards of corporate governance appropriate for a company of its size and operations. This corporate governance statement outlines the corporate governance practices in place or adopted by the Board in the financial year ended 30 June 2019 by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (the Recommendations).

The Board considers and applies the Recommendations taking into account the circumstances of the Company. Where the Company's practices depart from a Recommendation, this Statement identifies the area of divergence and reasons for it, or the alternative practices adopted by the Company. The documents that govern the Company's corporate governance framework, including its Constitution, Charters and Policies are set out at the end of this statement, together with links to where those documents can be accessed on the Company's website.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **1.1 Disclose the respective roles and responsibilities of board and management and those matters expressly reserved to the board and those delegated to management**

The Board is committed to acting responsibly, ethically and with high standards of integrity as the Company strives to create shareholder value. The Board is responsible for the strategic direction of the Company with oversight and review of the management and administration of the Company. It is the role of the Managing Director to manage the Company in accordance with the direction and delegation of the Board with the responsibility of the Board to provide leadership to and oversee the activities of the Managing Director in carrying out these delegated duties. The respective roles and responsibilities of the Board and the Managing Director are set out in the Board and Committee Charters. These Charters are available on the Company's website. Details on the number of meetings held throughout the year and attendance at those meetings can be found on page 20 of the 2019 Annual Report.

### **1.2 Companies should carry out appropriate checks of Board candidates and provide information to shareholders that is material to their candidacy**

The Board has established policies and procedures that apply to the appointment of new Directors, which include checks as to the person's character, experience, education and appropriate background checks. At any AGM the Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

### **1.3 Companies should have a written agreement with each director and executive setting out the terms of their appointment**

Non-executive Directors are provided a formal letter of appointment which sets out their duties and responsibilities, rights and remuneration entitlements. Executives Directors are employed under executive service agreements which set out their terms of employment including details of their duties, responsibilities, rights and remuneration entitlements.

### **1.4 The company secretary of a listed entity should be accountable directly to the Chair of the Board for matters relevant to the Board**

The appointment and removal of a Company Secretary is a matter reserved for decision by the Board.

The company secretary has a direct line of communication with all directors and is responsible for supporting the proper functioning of the Board which includes providing advice on governance and procedural issues, the preparation of Board papers and minutes, attendance at Board meetings and maintaining policies and procedures.

### **1.5 Companies should have a policy concerning diversity and disclose that policy, together with measurable objectives for achieving gender diversity and its progress towards achieving those objectives**

The Company has not established a formal policy in relation to diversity. The board believes that given the size and nature of the Company's activities, and the existing diversity profile of the organisation, that an informal approach is appropriate at this time. Senior management roles and positions are filled by the best candidates available without discrimination. The Company aims to increase diversity in senior appointments as positions and appropriate candidates become available.

The Company is committed to a workplace environment that promotes diversity and recognises the key competitive benefits of recruiting, developing and retaining a talented, diverse and motivated workforce. The board recognises the benefits of diversity at board level, senior management level and within the organisation generally and recognises the organisational strengths, deeper problem solving ability and opportunity for innovation that diversity may bring.

The Company will review this position annually and, as activities expand, plans to establish a formal diversity policy and set measurable objectives for achieving diversity in relation to gender.

The proportion of women employees in the organisation as of 30 June 2019 is:

In whole organisation	36%
In senior executive positions	25%
On the Board	0%

#### 1.6 Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other board members. The Company has established guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- Attendance at all board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed; and
- Attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

The performance review for the year was conducted on an informal basis

#### 1.7 Companies should disclose the process for evaluating the performance of senior executives

Senior executives are subject to annual performance evaluations carried out by the Managing Director. Due to the small number of executives the performance review was conducted on an informal basis.

### PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

At the date of this report, the Board had four Directors comprising the Managing Director, an Executive Director (together the "Executive Directors") and two Non-Executive Directors, both of which are independent. The Board met seven times during the 2018/19 financial year. Director attendances are set out on page 20 of the Company's 2019 Financial Report.

Name	Position	Term in Office	Non-Executive	Independent
Mr Wayne Trumble	Non-Executive Chairman	18 months	Yes	Yes
Mr Stephen Abbott	Managing Director	4 months	No	No
Mr Alasdair Cooke	Executive Director	18 months	No	No
Mr Alexander Sundich	Non-Executive Director	18 months	Yes	Yes

**2.1 The Board should establish an appropriately structured nomination committee**

The Company does not currently have a separate Nomination Committee. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full Board, given the size and nature of the Company's activities and as such, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate Nomination Committee.

**2.2 The Board should establish and disclose a board skills matrix on the skills and diversity for Board membership**

The Company seeks to maintain a Board of Directors with a broad range of financial, industry and other relevant skills, experience and knowledge. The Board considers that there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of the Company, the stage of its development and the nature of its operations.

The Directors during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities are listed on the Company's website as well as on page 18 to 19 of the 2019 Annual Report.

The Board believes this current structure is best suited to enable the Company to deliver shareholder value and manage the operations for a company of its size. The Company will continue to review its Board structure in light of these recommendations as it continues to grow to ensure that it is in the best position to deliver value to its shareholders, key stakeholders and the communities in which it operates.

**2.3 The Company should disclose whether its Directors are independent**

Caravel Minerals considers a Director to be independent where they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interest of the entity and its security holders generally.

**2.4 The majority of the Board should be comprised of independent Directors**

At the date of this report, two of the four Directors were independent. The Board does not have a majority of independent directors.

**2.5 The Chair should be an independent Director and should not be the same person as the CEO**

The role of the Chairman and CEO has been performed by two separate individuals for the entire year.

The Chairman, Mr Wayne Trumble, is an independent director.

**2.6 The Board should establish a program for inducting new directors and provide appropriate professional development opportunities for Directors**

The Company has an informal process to educate new Directors about the nature of the business, current issues, the corporate strategy and the Company's expectations concerning the performance of Directors. Directors are given access to, and encouraged to participate in, continuing education opportunities to update and enhance their skills and knowledge.

Each Director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The Director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation.

**PRINCIPLE 3: ACT ETHICALLY & RESPONSIBLY****3.1 Companies should establish a Code of Conduct**

The Company has established a Code of Conduct, that outlines how Directors, senior executives and employees of the Company to behave when conducting business. A full copy of this Code of Conduct is available on the Company's website.

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING****4.1 The Board should establish an appropriately structured audit committee**

Given the present size and complexity of the Company the Board has not constituted an audit committee with the full Board carrying out the role of an audit committee.

The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and International jurisdictions.

**4.2 Managing Director and CFO certification of financial statements**

Prior to Board approval of the Company's half year and annual financial reports, the Managing Director and CFO declared in writing to the Board that the Company's financial reports for the year ended 30 June 2019 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

**4.3 External auditor availability at AGM**

The external auditor attends Caravel Minerals' Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and preparation and conduct of the Independent Auditor's Report. Shareholders are also given the opportunity to submit written questions prior to the meeting. The Company considers that this is important in promoting and encouraging shareholder participation and reflects and supports the roles of the auditor and the auditor's accountability to shareholders.

**PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE****5.1 Companies should establish continuous disclosure policies and ensure compliance with those policies**

The Company has a formal Continuous Disclosure Policy, to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules. A full copy of this policy can be found on the Company's website.

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Therefore to meet this obligation the Company undertakes to:

- Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the Company's securities, unless that information is not required to be disclosed under the listing rules;
- Disclose notifications to the ASX on the Company's website following confirmation of the publishing of the information by the ASX; and
- Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Company Secretary is responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all Directors, officers and employees of the Company coordinate disclosures through the Company Secretary, including:

- Media releases;
- Analyst briefings and presentations; and
- The release of reports and operational results.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

### **6.1 The Company should provide information about itself and its governance to shareholders on its website**

The Company's website [www.caravelminerals.com.au](http://www.caravelminerals.com.au) provides detailed information about the Company, including its background, objectives, projects, contact details and all key corporate policies and statements. ASX announcements, Company Reports and presentations are uploaded to the website following release to the ASX. Shareholders can find information about the Company's corporate governance practices on the website within the Corporate Governance section under Corporate.

This includes the Company's Constitution, Board Charter and the Company's other corporate governance policies.

### **6.2 The Company should design and implement an investor relations program to facilitate effective two-way communication with shareholders**

The Company is committed to engaging with shareholders and using a variety of tools to facilitate effective two-way communication.

The Company encourages participation by shareholders at the Company's General Meetings, investor presentations and via the contact details provided on the Company's website. Shareholders can also register with the Company to receive e-mail notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is posted.

### **6.3 The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders**

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in General Meetings. The Board encourages full shareholder participation at the Annual General Meeting as it provides shareholders an opportunity to review the Company's annual performance. Shareholder attendance also ensures a high level of accountability and identification with the Company's strategy and goals. The shareholders are responsible for voting on the appointment of Directors, approval of the amount of funds available for remunerating Non-Executive Directors and the granting of options and shares to Directors. Important issues are presented to the shareholders as single resolutions.

### **6.4 The Company should provide the option to send and receive communications from the Company and its Share Registry in electronic form**

The Company provides shareholders with the option of receiving communications from, and sending communications to, the Company and Share Registry electronically, for reasons of cost, convenience and environmental considerations. The Company provides a printed copy of the Annual Report only to those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Company's website. Shareholders are encouraged to register on the Company website to receive email alerts of ASX Announcements and Media Releases and other news. The Company's Share Register is managed and maintained by Link Market Services. Shareholders can access their shareholding details or make enquiries about their shareholding electronically through the Link Market Services website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK****7.1 The Company should establish an appropriately structured risk management committee for the oversight of material business risks**

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted a Risk Committee with the full Board responsible for risk management.

**7.2 The Board or a Committee of the Board should review the Company's risk framework at least annually to satisfy itself that it continues to be sound**

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 Chairman and Chief Financial Officer being responsible to the Board for the risk management and control framework.

The Board conducted a review during the reporting period.

**7.3 The Company should disclose the structure and role of its internal audit function**

The Company does not have a dedicated internal audit function. The Board considers this is appropriate, due to its size and stage of development of Caravel Minerals operations. The Board regularly discusses the appropriateness of controls with the external auditor and if considered necessary would initiate an audit of a particular function.

**7.4 The Company should disclose their economic, environmental and social sustainability risks and how those risks are managed**

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle.

There will a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be affected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The current operations of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behavior expected from employees when dealing with stakeholders.

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY****8.1 The Board should establish an appropriately structured remuneration committee**

Given the present size and complexity of the Company the Board has not constituted a Remuneration Committee.

**8.2 The Company should distinguish between non-executive Directors' remuneration and that of executive Directors and senior executives**

Remuneration of the Executive Directors' are formalised in service agreements. The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Executive Directors' and the executive team.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating Directors and senior executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Directors' and senior executives' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of senior executives;
- Attraction of quality management to the Company; and
- Performance incentives which allow executives to share the rewards of the success of the Company.

Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and, specifically for Directors' fees, within the maximum amount approved by shareholders.

**8.3 The Company should establish a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes**

Directors and Senior Executives are not permitted from entering into transactions which would limit the economic risk of any unvested entitlements under any equity-based remuneration schemes.