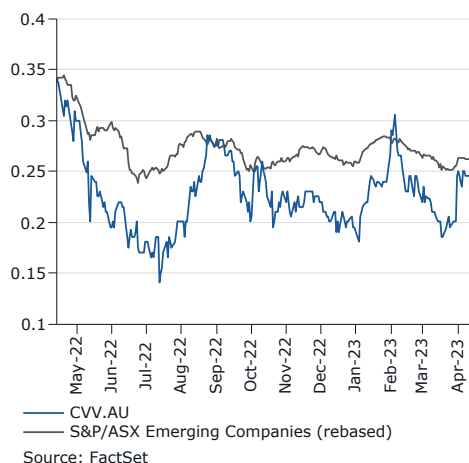


Rating SPECULATIVE BUY	Price Target A\$0.50
CVV-ASX	Price A\$0.24

Market Data

52-Week Range (A\$) :	0.14 - 0.35
Avg Daily Vol (000s) :	360.87
Shares Out. (M) :	479.2
Market Cap (A\$M) :	113.8
Dividend /Shr (A\$) :	0.00
Dividend Yield (%) :	0.0



Source: FactSet
Priced as of close of business 12 April 2023

Caravel Minerals Limited (CVV-ASX) is advancing the large Caravel Copper Project, located 150km northeast of Perth, Western Australia.

Canaccord Genuity received a fee for its role as Lead Manager to Caravel's \$12m equity raising at \$0.20 on 16 November 2022.

Canaccord Genuity, and its associates, holds an option position in CVV-AU.

Please refer to the important disclosure section of this report.

Caravel Minerals Limited Base Metals - Developer/Explorer

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Independent review enhances the Caravel Copper Project

10% increase in throughput: Caravel Minerals (CVV-ASX) has released the outcomes of an independent review undertaken by Lycopodium and Orway Mineral Consultants, on the metallurgy and process engineering for the Caravel Copper Project in WA.

Key outcomes, as tabulated below, show a ~10% increase in plant capacity to 30Mtpa, the inclusion of a Molybdenum Recovery Circuit (MRC) to produce 0.9ktpa Mo, and the removal/deferral of the Coarse Particle Flotation (CPF). In our view, the three-month review has been successful in identifying opportunities to enhance project value and has confirmed the suitability of the process flowsheet ahead of the start of engineering for the DFS, which is due in 1H24. CVV has also announced Lycopodium as lead engineer for the DFS.

Impacts on the project: Our initial view is that these new considerations will have a strong and positive impact on the project economics. Annual production is set to increase to ~65ktpa copper with an overall lowering of C1 to US\$1.23/lb (from US \$1.54/lb) largely on account of the substantial by-product credit generated from the molybdenum production. Trade-offs come primarily through additions to pre-production capex. CVV expects total initial capital costs to rise by A\$92m to A\$1,676m (A\$1.7bn). This includes A\$57m for the MRC. The deferral of the CPF appears to have lowered copper recoveries to average 89% over LOM. Assuming the same 715Mt mine inventory as the PFS, mine life will be compressed to 25 years with 3% less recoverable copper over LOM on account of the reduced recoveries. We can expect CVV to move more Inferred resources into the mine inventory over time as resources drilling progresses.

Implications on valuation: We will now review these changes with respect to our model but as highlighted in our [initiation of coverage](#), if 60% of the molybdenum can be recovered with payabilities of 75% on a US\$20/lb sale price and upfront capital of A\$50m for the Mo circuit, an additional 7c could be added to our CVV valuation. CVV had previously highlighted the potential for molybdenum to add value, therefore we assessed this scenario previously but did not include the outcome in our valuation, preferring to wait for further detail.

Life of mine economics: Based on CVV's analysis, these enhancements increase the project NPV_{7%} to A\$2.0bn (from A\$1.5bn), generate an IRR of 21% (previously 18%) and lower the payback period to 4.9 years (from 5.6 years).

Valuation and recommendation: We maintain our SPECULATIVE BUY recommendation and a price target of \$0.50 while we digest this new release. Our NPV_{12%} is based on the PFS and subsequent update from September 2022, modelled on a fully diluted basis and risked 80% to account for the early stage nature of the studies. We have assumed a funding scenario that involves a 25% project sell-down with the balance of capital covered through debt and equity. We risk this financing scenario to 75%.

Resource and PFS recap:

Largest undeveloped copper project in Australia and globally significant: The Caravel Copper Project hosts a large porphyry copper system. We make it the largest undeveloped copper project in Australia with a resource of 1,180Mt @ 0.24% Cu (& 48ppm Mo) for 2.84Mt of contained copper at a 0.1% Cu cut-off. The deposit has a low cut-off grade, which allows for a low resource grade. In global terms, the resource places Caravel in the top 20 of active development projects, held outside the majors.

PFS highlights a long life, large production scenario: CVV released an updated PFS in September 2022, outlining a 27Mtpa project producing 60ktpa of copper in concentrate at AISC of US\$2.37/lb (C1 costs of US\$1.54/lb) over a 28-year LOM. Initial capex is A\$1,584m inclusive of A\$176m pre-strip and A\$309m for mining equipment.

Comparison of previous CVV assumptions versus implied updated assumptions

cg/ Capital Markets	Units	CVV PFS Update September 2022	CVV Enhancement update April 2023	% Difference
Assumed mine inventory	Mt ore	715.0	715.0	0%
Avg LOM Copper grade	%	0.24%	0.24%	0%
Mine Life	yrs	27	25	-7%
Strip Ratio (excl. prestrip)		0.99	0.99	0%
Average annual ore processed	Mtpa	27.0	30.0	11%
Copper recovery	%	92%	89%	-3%
LOM recoverable Copper	kt	1,611	1,559	-3%
Avg. annual copper production	kt	59.7	62.4	4%
Copper payabilities	%	95%	95%	0%
LOM payable copper	kt	1,530.9	1,481.0	-3%
Avg annual payable copper	kt	56.7	59.2	4%
Avg. LOM copper price	US\$/t	8,818	8,818	0%
	US\$/lb	4.00	4.00	0%
Revenue (copper)	A\$m	18,751	18,139	-3%
Mining costs	A\$/t mined	1.25	1.24	-1%
Processing costs	A\$/t milled	5.27	4.72	-11%
G&A	A\$/t	0.58	0.54	-6%
Opex	A\$/t	8.35	7.73	-7%
Transport & TCs	A\$/t milled	2.38	2.24	-6%
By-product credit	A\$/t	-1.22	-2.78	128%
C1 (CuEq)	US\$/lb	1.54	1.23	-20%
Total Project capital	A\$m	3,049	3,141	3%
Pre-production capital	A\$m	1,100	1,165	6%
Prestrip(s)	A\$m	467	485	4%
Mining Fleet	A\$m	309	318	3%
Sustaining capital	A\$m	1,173	1,173	0%
AUD:USD		0.72	0.72	0%

Company reports, Canaccord Genuity estimates

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: April 12, 2023, 20:39 ET

Date and time of production: April 12, 2023, 20:39 ET

Target Price / Valuation Methodology:

Caravel Minerals Limited - CVV

Our NPV_{12%} is informed by the Caravel PFS and subsequent update, is modelled on a fully-diluted basis and risked 80% to account for the early stage (albeit very detailed) nature of the studies. We have assumed a funding scenario which involves a 25% project sell down with the balance of capital covered through a debt and equity mix. We risk this financing scenario to 75%.

Risks to achieving Target Price / Valuation:

Caravel Minerals Limited - CVV

Financing risks: As a pre-production company with no material income, CVV is reliant on equity and debt markets to fund development of its assets. Total development and working capital requirements are subject to establishment of completion of further mining studies. There are no guarantees that studies will result in a positive investment decision. Further, we can make no assurances that accessing these markets will be done without further dilution to shareholders.

Exploration/development risks: Exploration and development is subject to a number of risks and can require a high rate of capital expenditure. Risks can also be associated with conversion of inferred resources and lack of accuracy in the interpretation of geochemical, geophysical, drilling and other data. No assurances can be given that exploration will delineate further mineral resources nor that the company will be able to further convert the current mineral resource into additional minable reserves.

Operating risks: If and when in production, the company will be subject to risks such as plant/equipment breakdowns, metallurgical (meeting design recoveries within a complex flowsheet), materials handling and other technical issues. An increase in operating costs could reduce the profitability and free cash generation from the operating assets considerably and negatively impact valuation. Further, the actual characteristics of an ore deposit may differ significantly from initial interpretations which can also materially impact forecast production from original expectations.

Commodity price and currency fluctuations: As with any mining company, CVV is directly exposed to commodity price and currency fluctuations. Commodity price fluctuations are driven by many macroeconomic forces including inflationary pressures, interest rates and supply and demand factors. These factors could reduce the profitability, costing and prospective outlook for the business.

Distribution of Ratings:

Global Stock Ratings (as of 04/12/23)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	601	64.28%	22.46%
Hold	148	15.83%	9.46%
Sell	16	1.71%	0.00%
Speculative Buy	157	16.79%	43.95%
	935*	100.0%	

*Total includes stocks that are Under Review

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HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

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NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

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12-Month Recommendation History (as of date same as the Global Stock Ratings table)

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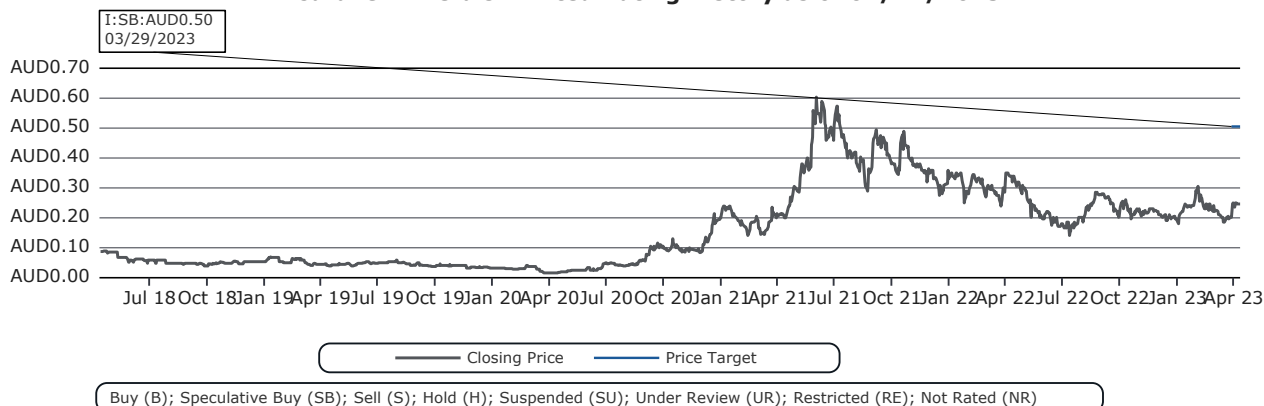
Canaccord Genuity, and its associates, holds an option position in CVV.AU.

Canaccord Genuity received a fee for its role as Lead Manager to Caravel's \$12m equity raising at \$0.20 on 16 November 2022.

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Ticker	Quantity	Strike	Date of Expiry
CVV	2,000,000	\$0.30	03/03/2024

Caravel Minerals Limited Rating History as of 04/11/2023



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