

Caravel Minerals Limited

Base Metals - Developer/Explorer

Rating
SPECULATIVE BUY

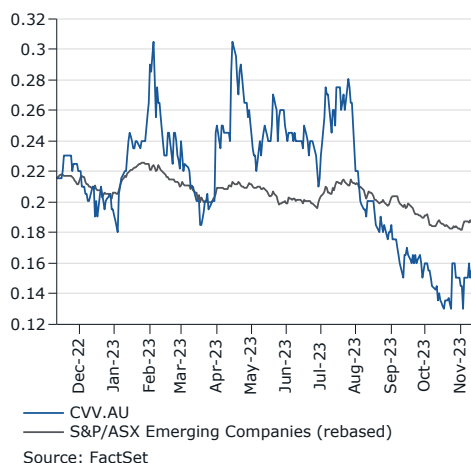
Price Target
A\$0.65

CVV-ASX

Price
A\$0.15

Market Data

52-Week Range (A\$) :	0.13 - 0.35
Avg Daily Vol (000s) :	340.26
Shares Out. (M) :	524.3
Market Cap (A\$M) :	81.3
Dividend /Shr (A\$) :	0.00
Dividend Yield (%) :	0.0



Priced as of close of business 10 November 2023

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

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

Please refer to the important disclosure section of this report.

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Largest in Australia and globally significant

Caravel Minerals (CVV-ASX) released an updated Mineral Resource Estimate for the Caravel Copper Project in WA. The update has seen a **7% increase in total contained copper metal**, within updates at Bindi and Dasher, bringing the total project resource, including Opie (unchanged) to **1.28Bt @ 0.24% Cu** (+47ppm Mo) for **3.03Mt of contained copper**. The Measured component has grown by 43% in terms of metal. CVV expects this will greatly improve confidence in planned starter pit locations.

CVV also reported a separate gold and silver resource totalling 895koz Au and 46Moz Ag. At 0.022g/t Au and 1.1g/t Ag. Both are very low grade but if recoverable (CVV expects 50-60% recoveries), will add to the by-product credits alongside molybdenum. We already model modest credits for these by-products in our CVV mining scenario.

BFS/DFS outcomes

The resource will underpin a BFS scheduled for next year. Timing is to be confirmed. Our previous expectation was for 1H24. Given the numerous moving parts to this very large scale project, and current trend in delaying studies in favour of further optimisation and more detailed engineering while preserving capital, we do not rule out a BFS release later in 2024 or in early 2025.

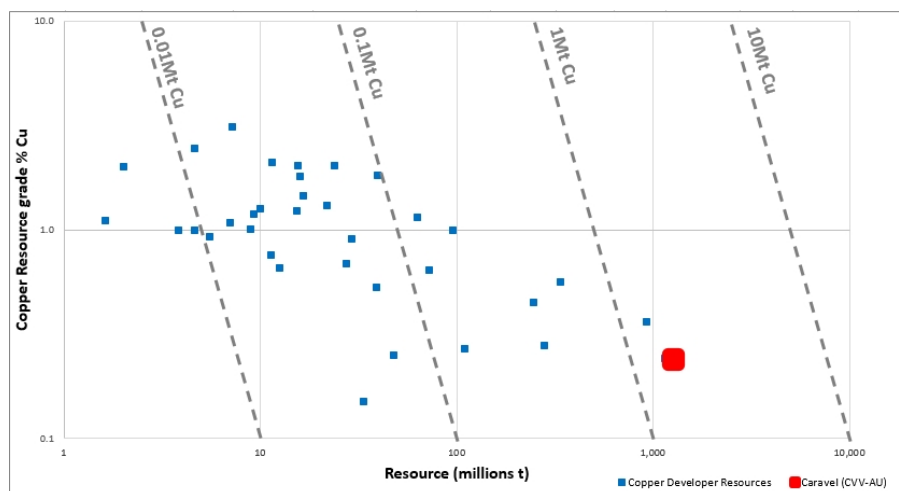
The largest undeveloped copper project in Australia

Recall that the Caravel Copper Project hosts a large porphyry copper system. We still believe it is the largest undeveloped copper project in Australia. The deposit has a low cut-off grade of 0.1% Cu, 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. The PFS and subsequent updates outline a 25-year mine processing 30Mtpa to yield ~60ktpa payable copper. C1 is expected to be ~US\$1.23/lb Cu net of credits with pre-production capital estimated at A\$1.7bn inclusive of pre-strip and mining equipment purchase.

Valuation and recommendation

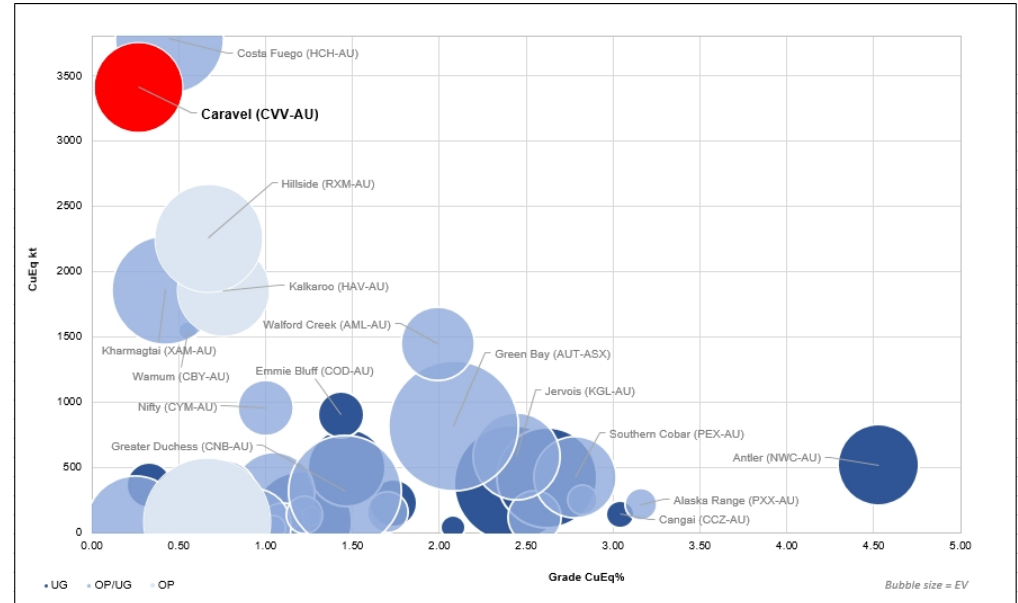
Our price target remains \$0.65 and we maintain our SPECULATIVE BUY recommendation. Our NPV_{12%} is based on the PFS and subsequent updates from September 2022 and April 2023. We model CVV on a fully diluted basis, risked 80% to account for the early-stage nature of the studies. We have assumed a funding 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%.

Log plot of ASX copper developer resources



Source: Company reports, Canaccord Genuity

Contained metal and grade in copper equivalent terms for ASX copper developer resources



Source: Company reports, Canaccord Genuity

Current versus previous resource for the Caravel Copper Project

	PREVIOUS			CURRENT			Diff kt	
	Mt	Cu%	Cu kt	Mt	Cu%	Cu kt	Cu kt	%
Bindi	903	0.23	2,081	1,018	0.23	2,362	281.2	14%
Measured	105	0.27	284	155	0.26	406	121.6	43%
Indicated	424	0.23	976	398	0.23	910	-26.0	-7%
Inferred	373	0.22	820	463	0.23	1,046	225.6	28%
Dasher	257	0.27	681	239	0.26	608	-72.8	-11%
Measured	0	0.00	0	0	0.00	0	0.0	0%
Indicated	132	0.28	369	128	0.27	340	-29.1	-8%
Inferred	125	0.25	312	111	0.24	269	-43.5	-14%
Opie	22	0.29	63	22	0.29	63	-0.1	0%
Measured	0	0.00	0	0	0.00	0	0.0	0%
Indicated	18	0.29	52	18	0.29	52	0.0	0%
Inferred	4	0.30	11	4	0.30	11	0.0	0%
Total Measured	105	0.27	284	155	0.26	406	121.6	43%
Total Indicated	574	0.24	1,397	544	0.24	1,302	-95.3	-7%
Total Inferred	501	0.23	1,143	578	0.23	1,325	182.2	16%
Total - Resources	1,181	0.24	2,824	1,276	0.24	3,033	208.5	7%

Source: Company reports, Canaccord Genuity

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: November 12, 2023, 22:50 ET

Date and time of production: November 12, 2023, 22:50 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 11/12/23)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	600	66.52%	23.33%
Hold	121	13.41%	11.57%
Sell	14	1.55%	7.14%
Speculative Buy	159	17.63%	50.31%
	902*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

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

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

SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

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

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

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

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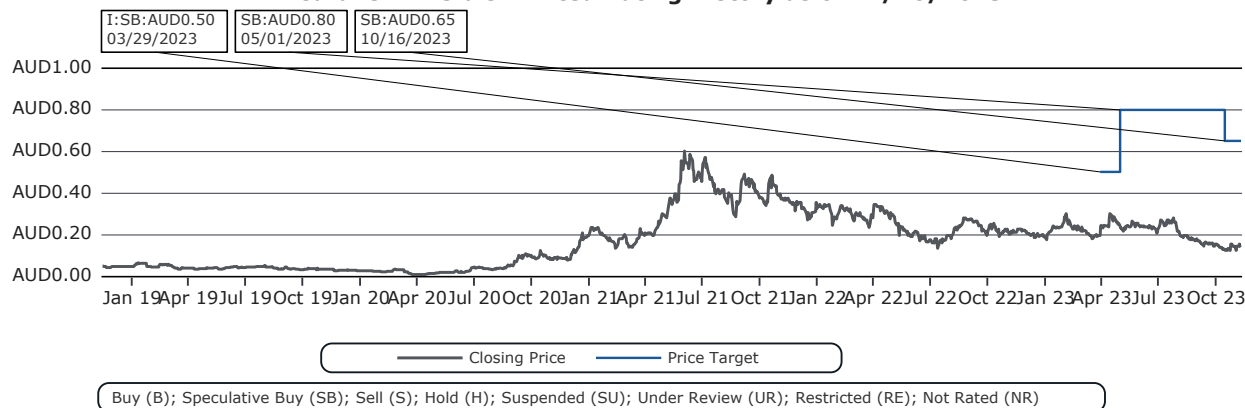
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Canaccord Genuity, and its associates, holds an option position in CVV.AU.

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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 11/10/2023



Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

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