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2020 | Annual Report



FINDING THE COPPER THE WORLD NEEDS FOR A LOW CARBON FUTURE



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Christopher Cairns (Executive Chairman & Managing Director)
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Peter Ironside (Non-Executive Director)
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Amanda Sparks

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Overview

EXPLORATION

The Company's assets are located in western Victoria (Stavely, Ararat & Yarram Park Projects), central Victoria (Myola Project), north Queensland (Ravenswood Project) and north eastern Tasmania (Mathinna & Lefroy Projects) in Australia.

The Stavely Project hosts an Inferred Mineral Resource of **28 Mt at 0.4% copper for 110kt** of contained copper (gold and silver not estimated) in a chalcocite-enriched supergene blanket developed at shallow depth.

A review of drill core, assay results and other technical data from the Thursday's Gossan prospect in the Stavely Project was undertaken by Stavely geologists in conjunction with Stavely's consultants, Drs Greg Corbett, Scott Halley and Paul Ashley, during the year. The assessment highlighted the significant similarities between the large mineral system at Thursday's Gossan with the Butte, Montana and Magma, Arizona copper deposits. This prompted Stavely Minerals to test for similar high-grade lode-hosted copper-gold-silver mineralisation at shallower depths.

The first diamond hole SMD050, seeking shallower lode-style mineralisation, drilled targeting the high-grade structurally controlled copper-gold-silver mineralisation within the Ultramafic Contact Fault (UCF), returned stunning grades of up to 40% copper within a 32m wide high-grade zone.

Diamond drilling during the year continued to demonstrate the growing scale and potential of the shallow copper-gold discovery at Thursday's Gossan, now known as the Cayley Lode. Mineralisation has grown to 1.5km in strike length and remains open in all directions. Given that a similar style of mineralisation has been previously intersected at drill depths in excess of 900m on the North-South Structure (NSS), it is anticipated that the Cayley Lode mineralisation will extend to similar depths and possibly beyond.

As expected with any structurally hosted copper-gold deposit, the intercepts do vary in width and grade due to inherent pinch and swell along the structure, however the Cayley Lode continues to deliver consistently good widths of high-grade copper, gold and silver mineralisation. Recent drilling has demonstrated that the Cayley Lode continues below the Low Angle Structure (LAS) with only a modest offset to the mineralisation.

It is now believed that the 'chalcocite enriched blanket' Mineral Resource is derived from the weathering and redistribution and dispersion of metals from the high-grade lode-style copper-gold-silver mineralisation as it approaches surface.

The polymetallic- precious metal signature of the mineralisation exhibited in the far north-west portion of the Cayley Lode in SMD073 is very similar in character to the peripheral sulphide mineral zonation of the Magma, Arizona lode-style mineralisation.

At the end of the year, an intensive resource drill-out was in progress on the now 1.5 km long discovery zone, with in-fill and step-out drilling continuing on a roughly 40m x 40m drill grid.

A 2D Seismic survey was conducted at the Stavely Project earlier in the year. The survey comprised two orthogonal lines for 8 km each and were centred on the Thursday's Gossan porphyry prospect.

The seismic survey identified two strong porphyry targets at approximately 1,000m and 1,100m depth at Thursday's Gossan.

During the year, diamond drilling was undertaken at the Mathinna Project in Tasmania. The seven-hole diamond drilling programme included three holes designed to target the potential extensions to the known lodes and four stratigraphic holes designed to better understand the structural and stratigraphic controls of the region. Initial results from the drilling confirmed the down-dip extensions of known lode style gold mineralisation.

CORPORATE

During the previous year, Stavelly Minerals, through its 100% owned subsidiary Stavelly Tasmania Operations Pty Ltd, agreed to purchase a 100% beneficial interest from BCD Resources NL in the assets of the 350,000tpa capacity Beaconsfield gold processing plant and associated infrastructure, property, rights, leases and permits.

In June 2019, the Acquisition Agreement with BCD Resources NL (among other parties) to purchase all assets associated with the Beaconsfield gold processing plant was terminated.

Subsequently, the Company was served with a writ of summons in relation to its termination of the Acquisition Agreement as detailed in its ASX announcement dated 18 June 2019. The writ was seeking an order that Stavelly Minerals specifically perform its obligations under the Acquisition Agreement and do all things as may be necessary to ensure the Acquisition Agreement is carried into effect or alternatively pay damages (of an unspecified amount).

In September 2019, Stavelly Minerals agreed a Deed of Settlement and Release with BCD Resources NL (and the other parties) to settle the termination and to release both parties from any further claim. As part of the Deed of Settlement and Release, BCD Resources returned \$100,000 of the original purchase deposit to Stavelly Minerals.

In October 2019, the Company completed a capital raising which was underpinned by a Share Placement of 19.6 million shares at \$1.00 per share to sophisticated and institutional investors to raise \$19.6M before costs.

In November 2019, Stavelly Tasmania Pty Ltd (Stavelly Tasmania), acquired:

- a key exploration licence covering the structural extension of the high-grade Mathinna Gold Project in Tasmania;
- the majority of the historical Lefroy goldfield where past gold production is reported to be 180,000 oz at 28g/t gold¹; and
- an exploration licence in central Victoria approximately 10km east of the world-class 9 million-ounce Fosterville Gold Mine.

In addition to the licence acquisitions, Stavelly Tasmania was granted up to \$50,000 towards direct drilling costs on each of the granted exploration licences, EL4/2019 and EL19/2018 as part of the Mineral Resources Tasmania Exploration Drilling Grant Initiative Program 2020.

During the year, Stavelly Tasmania was granted three exploration licences (EL19/2018, EL4/2019 & EL6/2019) within the highly prospective Alberton – Mathinna “Gold Corridor” in northeast Tasmania. These exploration licences are subject to an agreement with Bestlevel Holdings Pty Ltd (Bestlevel). Upon grant of the exploration licences, Stavelly Tasmania managed the tenements and held a 51% interest in the tenements, with Bestlevel having a 49% interest.

Subsequent to the drilling programme at Mathinna, Stavelly Tasmania earned an interest of 75% in EL19/2018, EL4/2019 & EL6/2019 through the expenditure of \$500,000. Bestlevel retain a 25% interest in the exploration licences.

In April 2020, the Company reached agreement to purchase the existing 3% net smelter royalty (NSR) held by New Challenge Resources on tenement RL2017 (formerly EL4556), which hosts the Thursday’s Gossan prospect and other key prospects at its flagship Stavelly Copper-Gold Project in western Victoria. The agreed terms included the payment of \$350,000 cash and the issue of 850,000 Stavelly Minerals’ shares. The cash payment of \$350,000 and the issue of shares occurred on 1 July and 9 July 2020, respectively.

In May 2020, Stavelly Minerals received correspondence from the Earth Resources Regulation section of the Victorian Department of Jobs, Precincts and Regions informing the Company of the grant of two key Retention Licences covering its principal base metal projects in western Victoria.

¹ Tasmania Department of Mines – Report 1994/03, *Northeast Goldfields: A Summary of the Beaconsfield, Lefroy, Back Creek and Gladstone goldfields*, McClenaghan, 1994

The Retention Licences, RL2017 over the Stavely Project and RL2020 over the Ararat Project, have been granted for a period of 10 years and are renewable, on approval of a renewal application, for up to a further 10 years.

Subsequent to the year end:

- the Company was successful in its application for participation in the Federal Government's Junior Minerals Exploration Incentive ("JMEI") scheme for the 2020/2021 income year. The Company received an allocation of up to \$1,750,000 in tax credits which can be distributed to eligible investors. The scheme is voluntary and companies must apply each year to participate. This is the third year that Stavely Minerals has been successful in receiving an allocation of JMEI credits.
- In July 2020, a Letter of Intent (LOI) to divest its Mathinna/ Alberton and Lefroy Goldfields tenements in Tasmania, as well as its Fosterville East tenement in Victoria to Nubian Resources Ltd (TSX-V:NBR) ('Nubian') for A\$2.5 million in Nubian shares and cash.

The terms of the LOI are as follows:

- Nubian to pay a non-refundable deposit of A\$100,000;
- A 60-day exclusivity period to complete final due diligence and execute a definitive agreement;
- Upon execution of the definitive agreement, Nubian will issue to Stavely Minerals a number of Nubian shares equivalent in value to A\$2.4 million based on the 5-trading day volume-weighted average price (VWAP) prior to the execution date, subject to a minimum issue of 5,050,000 Nubian shares to Stavely Minerals.

The consideration for the purchase is based on 100% ownership of the tenements. Stavely Minerals is in Joint Venture with Bestlevel Holdings Pty Ltd (Bestlevel), with Stavely Minerals currently holding a 75% interest in the three Mathinna JV tenements. The value of the Bestlevel 25% interest in the three Mathinna JV tenements equates to approximately A\$400,000 of Nubian shares to be issued to Bestlevel or its beneficial owners.

- On 30 July 2020, Stavely issued 28,000,000 shares at an issue price of \$0.60 per share pursuant to the first tranche of a placement to sophisticated and institutional investors. Gross proceeds were \$16,800,000. The second Tranche of 13.67 million shares will be completed subject to shareholder approval at a general meeting to be held on 31 August 2020.
- On 14 August 2020, Stavely issued 4,645,000 shares at an issue price of \$0.60 per share pursuant to a share purchase plan. Gross proceeds were \$2,787,000.

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Review of Operations

Background

The Ararat and Stavelly Projects are located approximately 200 kilometres west of Melbourne and are respectively just west of the regional centre of Ararat and just east of the regional town of Glenthompson in Victoria (Figure 1).

The western Victorian Projects include exploration tenements with a total area of 162 square kilometres of 100% owned, 100 square kilometres of joint venture tenure and 1,027 square kilometres of tenement application area.

The Projects have excellent infrastructure and access with paved highways, port connection by railroad and a 62 MW wind farm located 8 kilometres from the Stavelly Project. The primary land use is grazing and broad acre cropping.

The Ravenswood Project is located 90km south of Townsville and 10km south west of Ravenswood in north Queensland. The Mingela- Ravenswood - Burdekin Dam road passes down the eastern boundary of the Project.

The Queensland Project includes four granted exploration licences with a total area of 544 square kilometres. The topography is made up of rolling hills alternating with sandy flats. The Burdekin River runs through the Project area. Access within the tenements is by 4WD via station tracks.

The Mathinna Project is located in north-eastern Tasmania, approximately 55km due east of Launceston and in the vicinity of the regional towns of Mathinna and Alberton. The Mathinna Project comprises four exploration licences covering a total area of 142 square kilometres. Access to the Project area is excellent via sealed roads. Access within the licence areas is by gravel roads on State Forest and private property.

The Lefroy Project is also located in north-eastern Tasmania, approximately 45km north of Launceston. The Lefroy Project comprises one exploration licence and one retention licence covering an area of 28 square kilometres. The licences are accessible by sealed roads and the majority of the area is in State Forest and private bushland.

The central Victorian Project, comprising one exploration licence, is located 140km north of Melbourne and covers 111 square kilometres. The majority of the Project area, which is accessible via the Northern Highway, is privately owned and has been cleared for grazing or cultivation.

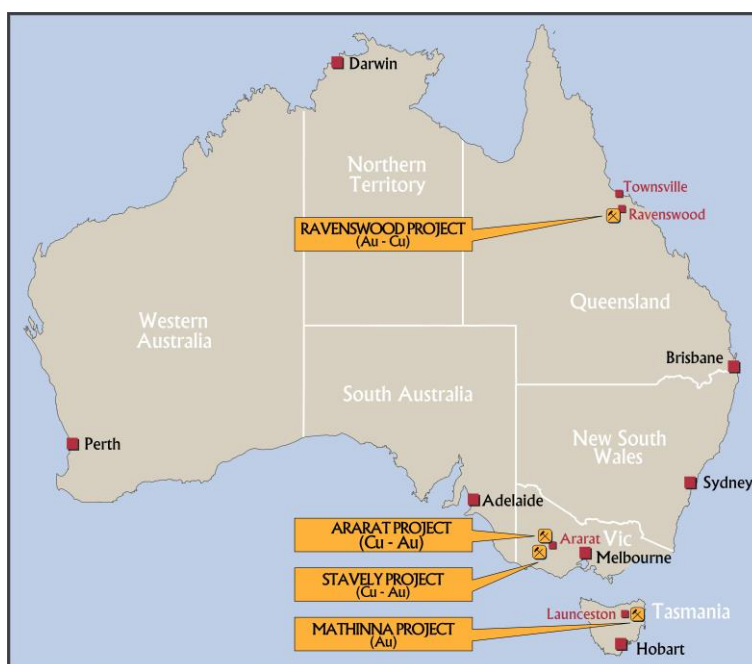


Figure 1. Project Location Plan.

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Regional Geology Western Victoria

The Ararat and Stavely Projects, while only 40 kilometres apart, are hosted within materially different geologic domains (Figure 2).

The Ararat Project is hosted in the Stawell - Bendigo zone of the Lachlan Fold Belt and is comprised of Cambrian age mafic volcanic and pelitic sedimentary units of the Moornambool Metamorphics which were metamorphosed to greenschist to amphibolite facies during the Silurian period.

The Stavely Project is hosted in Cambrian age fault-bounded belts of submarine calc-alkaline volcanics, namely the Mount Stavely Volcanics, structurally in contact with the older quartz-rich turbidite sequence of the Glenthompson Sandstone and the Williams Road Serpentine.

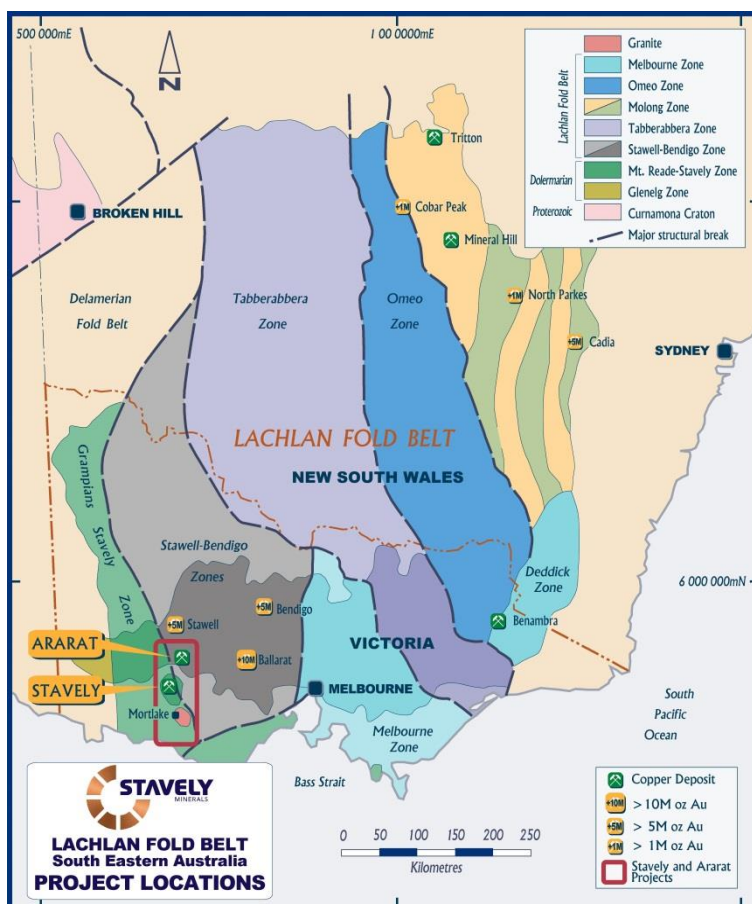


Figure 2. Geology of South-eastern Australia.

These sequences were deformed in the Late Cambrian Delamerian Orogeny. Seismic traverses and a recent study by the Victorian Department of Economic Development, Jobs, Transport and Resources in western Victoria have supported the interpretation of an Andean-style continental convergent margin environment for the development of the buried Stavely Arc beneath the Stavely Volcanic Complex and environs (Schofield, A. (ed) 2018). This regional architecture is considered conducive to the formation of fertile copper / gold mineralised porphyry systems (Crawford et al, 2003) as is the case with the younger Macquarie Arc in New South Wales, which hosts the Cadia Valley and North Parkes copper-gold mineralised porphyry complexes.

The Lachlan Fold Belt and Delamerian sequences are in fault contact through large-scale thrusting along the east dipping Moyston Fault (Cayley and Taylor, 2001).

Largely unconformably overlying both these domains by low-angle décollement is a structural outlier of the younger Silurian fluvial to shallow marine sandstone to mudstone sequences of the Grampians Group.

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Regional Geology North Queensland

The dominant rock types within the Ravenswood Project are typically I-type calcic hornblende-biotite granodiorite to tonalite of the Ravenswood Batholith of Middle Silurian to Middle Devonian age (Figure 3).

A major structure, the Mosgardies Shear Zone, cuts east-west through the Ravenswood Batholith adjacent to three gold centres. The shear zone is up to 2.5km wide. The main reef at Ravenswood, the “Buck Reef”, is contained within the Mosgardies Shear Zone. The majority of faults in the area are transverse to the Morgardies Shear Zone and trend 30° to 40° either side of north. The bulk of the auriferous quartz reefs and leaders are hosted by shears with NW to NS orientation.

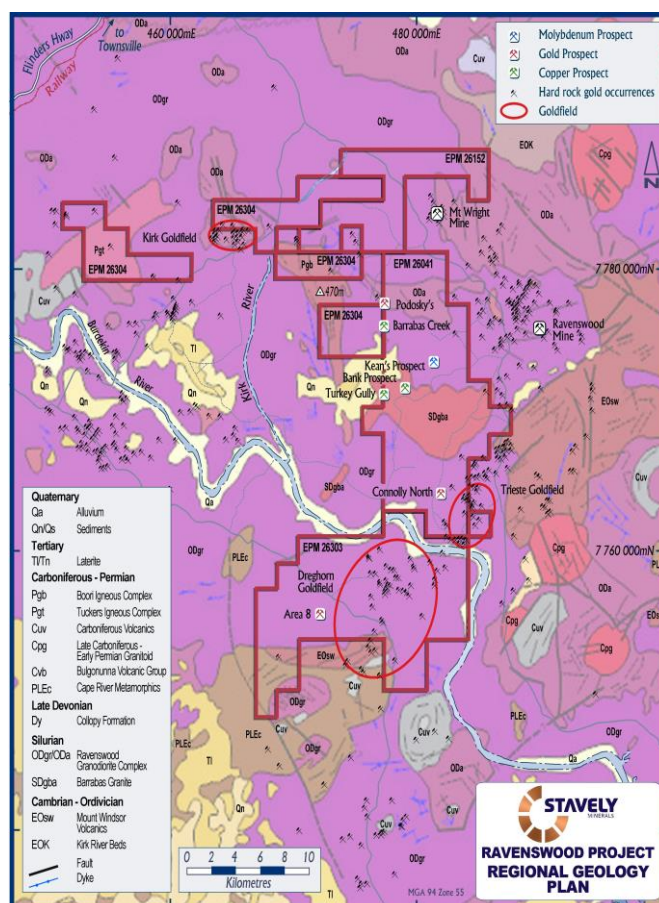


Figure 3. Ravenswood Project - Regional Geology Plan.

Mineralisation is associated with shear hosted quartz veins and is dominated by pyrite-chalcopyrite-galena-gold. The veins are generally narrow and of limited strike length. This style of mineralisation is widespread but of low tonnage.

Copper as chalcopyrite (and molybdenum-gold) mineralisation is also associated with quartz porphyry stocks. Mineralisation is contained both in sparse quartz veins and disseminated within the intrusive. More widespread phyllic (quartz-sericite) and potassic (biotite) alteration is reported suggestive of porphyry style alteration and mineralisation. This style of deposit offers bulk tonnage potential.

Cu-Au-Mo occurs in intrusive breccias (“pipes”) at Three Sisters and Mt Wright outside the Project area. Paleoplacer gold deposits occur in Quaternary sediments on the flanks of Tertiary laterites.

Regional Geology North East Tasmania

The regional geology of the Mathinna & Lefroy Project is dominated by the Mathinna Supergroup rocks and granitoids. Gold mineralisation within the north-westerly trending Mangana to Lyndhurst gold lineament is hosted by the Silurian to Devonian Mathinna Beds (Figure 4). The Mathinna Beds are a folded sequence of

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sediments comprise an alternating sequence of bedded quartzites, sandstones, siltstones and slates. The Mathinna Beds are unconformably overlain by Silurian to Early Devonian sediments of the Panama group.

Gold deposits occur as auriferous reefs, hosted in the Mathinna Beds. The New Golden Gate Mine and associated vein deposits are hosted within the Lone Star Siltstone formation which comprises basal bioturbated marine siltstone/shale/mudstone which is laminated to thinly bedded. Minor, commonly pyritic black shale is present.

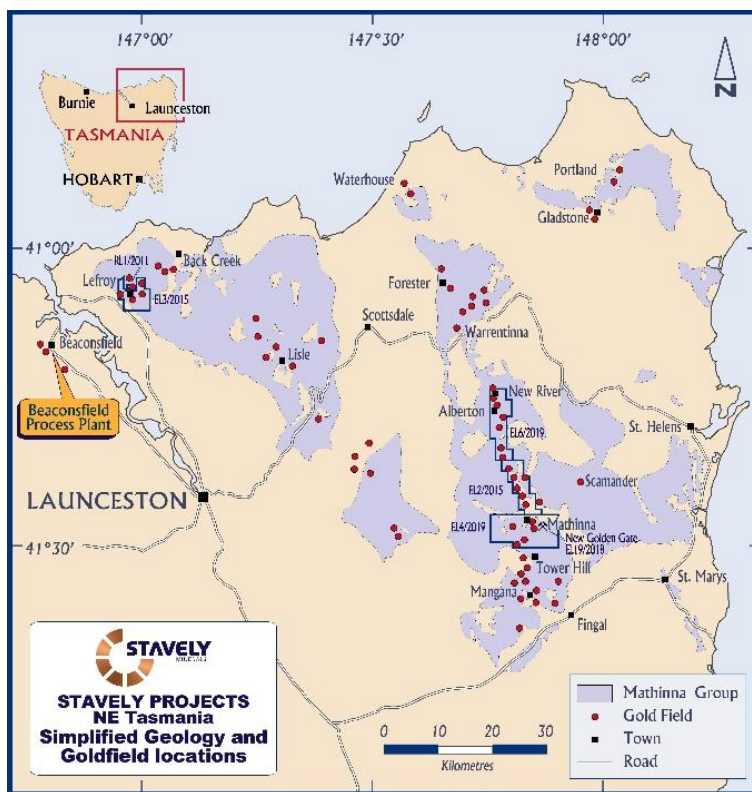


Figure 4. Mathinna & Lefroy Project - Regional Geology Plan.

Regional Geology Central Victoria

The central Victoria Project is located approximately 10km east of the high-grade +9 million-ounce Fosterville Gold Mine. The Project is underlain by metasediments of Ordovician age, typical of the Bendigo Zone, although these are obscured to a large degree by shallow transported sediments. Based on the publicly available data, there is an interpreted structure running through the tenement, which appears to be sub-parallel to the main north-northwest structures which control the mineralisation at Fosterville.

Mineral Resources

The Ararat and Stavely Projects host Mineral Resources reported in compliance with the 2012 JORC Code:

(a) Ararat Project Mineral Resource

In the Ararat Project, the Mount Ararat prospect hosts a Besshi-style VMS deposit with an estimated (using a 1% Cu lower cut-off) Total Mineral Resource of:

1.3Mt at 2.0% copper, 0.5g/t gold, 0.4% zinc and 6g/t silver for a contained 26kt of copper, 21,000 ounces of gold, 5.3kt of zinc and 242,000 ounces of silver (Table 1).

Refer to ASX release dated 8 September 2015 for all criteria for sections 1, 2 and 3 of the JORC Code Table 1 and 2.

The Mt Ararat Copper Indicated and Inferred Resource Estimate, August 2017, remains unchanged from the Mt Ararat Copper Indicated and Inferred Resource Estimate, August 2015. There has been no additional drill data

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collected from the deposit and although economic circumstances affecting the mining industry have changed since 2015, the underlying assumptions utilised in 2015 Mineral Resource estimate remain valid.

(b) Stavely Project Mineral Resource

In the Stavely Project, at the Thursday’s Gossan prospect, a near surface secondary chalcocite enriched blanket with an estimated (using a 0.2% Cu grade lower cut-off) - **28Mt at 0.4% copper for 110kt of contained copper** (Table 2).

The Thursday’s Gossan Chalcocite Copper Inferred Mineral Resource estimate remains unchanged from the Thursday’s Gossan Chalcocite Copper Inferred Resource estimate, August 2013. Although economic circumstances affecting the mining industry have changed since 2013, the underlying assumptions utilised in the 2013 Mineral Resource estimate remain valid.

Ararat Project

The Ararat Project is prospective for VMS copper-gold-zinc-silver mineralisation as well as ‘Stawell-style’ and intrusion-related gold mineralisation (Figure 5).

The Mount Ararat copper deposit lies within a small portion of a much more extensive prospective exhalative horizon on the contact between the Carroll’s Amphibolite and the Lexington Schist.

The Ararat Goldfield has significant historic alluvial and deep lead production of circa 640,000 ounces of gold but with no known substantial hard-rock source.

No exploration was conducted on the Ararat Project during the year.

Table 1. The Mount Ararat Resource Estimate (reviewed in 2020).

Reporting Threshold	Classification	Domain	Tonnes: Cu Resource (KT)	Cu Grade (%)	Tonnes: Au,Ag,Zn Resource (KT)	Au Grade (ppm)	Ag Grade (ppm)	Zn Grade (%)
1.0% Cu	Indicated	Supergene	50	2.4				
		Fresh	200	2.2				
		Total	250	2.2				
	Inferred	Weathered	170	1.7	170	0.5	3.1	0.1
		Supergene	30	2.2	80	0.4	4.4	0.4
Fresh		870	1.9	1070	0.5	6.2	0.4	
Total	1070	1.9	1320	0.5	5.7	0.4		
Total 1% Cu		1320	2.0	1320	0.5	5.7	0.4	
2.0% Cu	Indicated	Supergene	30	2.9				
		Fresh	80	2.9				
		Total	110	2.9				
	Inferred	Weathered	30	2.9	30	1.3	7.9	0.2
		Supergene	20	3.0	50	0.3	4.2	0.4
Fresh		230	3.0	310	0.6	7.7	0.6	
Total	280	3.0	390	0.6	7.3	0.5		
Total 2% Cu		390	2.9	390	0.6	7.3	0.5	

Table shows rounded estimates. This rounding may cause apparent computational discrepancies. Significant figures do not imply precision. Nominal copper grade reporting cuts applied. Three material types reported as varied economic factors will be applicable to the deposit base on reported material types.

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Table 2. The Thursday's Gossan Chalcocite Copper Inferred Resource Estimate (reviewed in 2020).

Thursday Gossan Chalcocite Copper August 2013 Inferred Resources (JORC 2012 Edition)					
Copper Mineralisation Subdivision		Lower Cu Tonnes (MT) Cut (%)		Copper Grade (%)	Contained Copper (KT)
Mineralisation greater than 10m thick	10 to 20m thick	0.20	8.5	0.3	28.1
		0.30	4.5	0.4	18.4
		0.50	0.5	0.7	3.4
	Greater than 20m thick	0.20	14.4	0.4	61.7
		0.30	9.7	0.5	49.7
		0.50	3.1	0.8	24.8
	Sub Total (greater than 10m thick)	0.20	22.9	0.4	89.8
		0.30	14.2	0.5	68.0
		0.50	3.7	0.8	28.2
Mineralisation less than 10m thick		0.20	5.1	0.3	17.1
		0.30	2.5	0.4	10.6
		0.50	0.2	0.9	2.1
Total Mineralisation		0.20	28.1	0.4	106.9
		0.30	16.7	0.5	78.6
		0.50	3.9	0.8	30.3

Table shows rounded estimates. This rounding may cause apparent computational discrepancies. Significant figures do not imply precision. Nominal copper grade reporting cuts applied. Three mineralised thicknesses reported as varied economic factors are likely to be applicable to each.

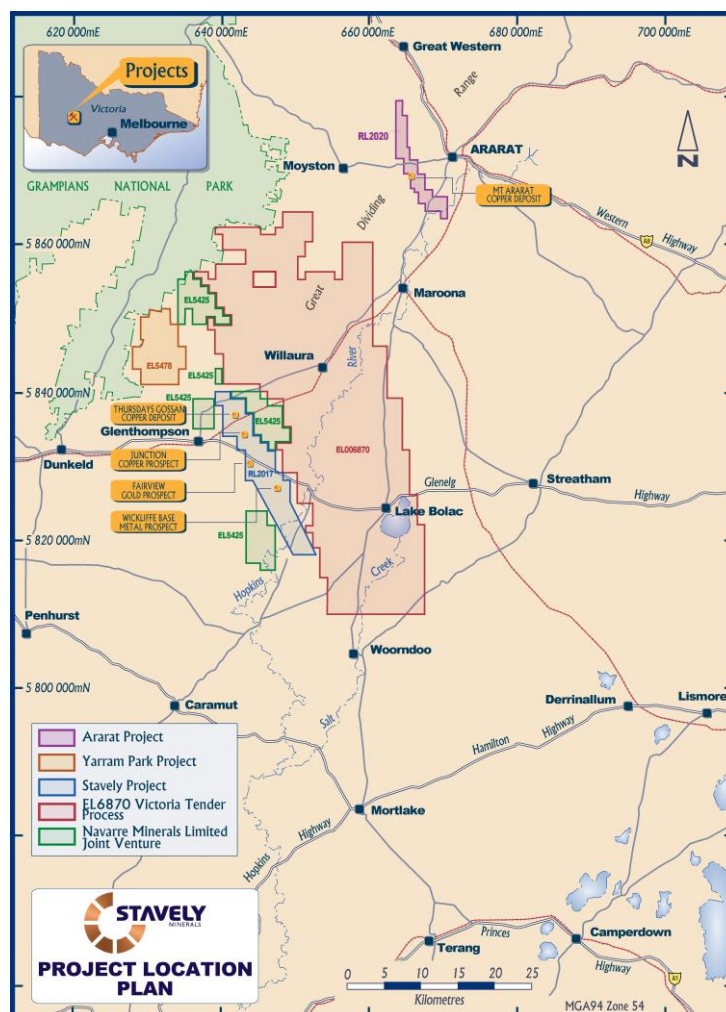


Figure 5. Stavelly, Yarram Park and Ararat Project Location Plan.

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Stavely Project

The Stavely Project hosts several significant opportunities for discovery of porphyry copper-gold and VMS base-metals +/- gold deposits (Figure 5).

During the year, the Company completed diamond drill hole SMD049, targeting the deep porphyry and drilled diamond holes SMD050 to SMD095, which targeted the high-grade structurally-controlled copper-gold-silver mineralisation within the Ultramafic Contact Fault (UCF).

During the year, a 2D seismic survey was conducted by HiSeis Pty Ltd. The survey comprised two orthogonal lines for 8 km each and were centred on the Thursday's Gossan prospect. The seismic data provides a clear target for deeper drill testing for well-developed copper-gold porphyry mineralisation. The location of the two porphyry targets at ~1,000m and ~1,100m depth, is consistent with the Magma, Arizona mineralisation model for Thursday's Gossan.

Thursday's Gossan Porphyry Prospect

During the year, one diamond hole, SMD049, was completed to target the deep porphyry at Thursday's Gossan. Hole SMD049 was designed to target the source porphyry believed to be responsible for high-grade structurally-controlled polymetallic epithermal copper-gold-silver mineralisation encountered in drill holes SMD044, SMD044W1, SMD045, SMD045W1 and SMD045W2 (Figure 6 & 7).

Diamond drill hole SMD044 returned:

- 38.3m @ 1.59% Cu, 0.27 g/t Au and 8g/t Ag from 890m including
 - 6m @ 2.75% Cu, 0.25 g/t Au and 7 g/t Ag, and
 - 12.3m @ 2.59% Cu, 0.44 g/t Au and 18 g/t Ag, in the NSS.

Diamond drill hole wedge SMD045W2 returned:

- 12m @ 0.51% Cu, 0.1g/t Au and 2g/t Ag from 1,129m including
 - 4m @ 0.91% Cu, 0.12g/t Au and 2g/t Ag from 1,133m, in the NSS.

SMD049, which was drilled from north to south, parallel to the mineralisation-hosting NSS, was completed to a depth of 1,767.6m (Figure 8). The hole did not intersect the source porphyry, as the hole encountered appreciable molybdenite in porphyry A veins from 1,315m to approximately 1,440m down-hole. This is consistent with an outer molybdenite halo to a porphyry. It is possible that the drill hole ended in the barren core to the QDP porphyry – interpreted to be porphyry #2 in a sequence of four porphyry phases – the later two phases have not yet been seen in drilling but are inferred to be the likely drivers of the structurally-controlled copper-gold-silver mineralisation.

Cayley Lode Copper – Gold Mineralisation

During the year, 42 diamond holes for 12,016m and 14 sonic holes for 1,278m were drilled to target the high-grade structurally controlled copper-gold-silver mineralisation within the Ultramafic Contact Fault (UCF). The drill collar locations are shown in Figures 9 and 10 and the details are given in Table 3.

The drilling focused on follow-up of the exceptional results received from the discovery diamond hole SMD050 (Figure 11), the first hole testing the UCF target which returned:

- 32m at 5.88% Cu, 1.00g/t Au and 58g/t Ag from 62m including
 - 12m at 14.3% Cu, 2.26g/t Au and 145g/t Ag, including
 - 2m at 40% Cu, 3.00g/t Au and 517g/t Ag

The first step out hole SMD051 (Figure 12), located 160m south of the discovery hole, returned an outstanding thick mineralised intercept:

- 59m at 1.80% Cu, 0.43g/t Au and 15.4g/t Ag from 98m including:
 - 8.5m at 4.38% Cu, 0.87g/t Au and 32.7g/t Ag, and
 - 3m at 5.66% Cu, 0.29g/t Au and 4.6g/t Ag

and a second intercept of:

- 8m at 9.69% Cu, 0.40g/t Au and 16.8g/t Ag from 177m; including:
 - 2m at 17.3% Cu, 0.57g/t Au and 13.1g/t Ag

An intensive resource drill-out was in progress at the end of the year on the south-eastern end of the now 1.5km long discovery zone, with in-fill and step-out drilling based on roughly a 40m x 40m drilling grid.

Ongoing drilling at the Cayley Lode continues to deliver strong copper-gold-silver mineralisation over significant widths. The widths and grades vary as the structure pinches and swells, but apart from the few holes that missed the target, the consistency of the mineralisation is notable. The mineralisation remains open in all directions.

Drill holes which have delivered particularly impressive results include:

From SMD064 (Figure 13):

- 8m at 5.12% Cu, 1.48g/t Au and 34.3g/t Ag from 121m, including:
 - 1m at 26.8% Cu, 8.48g/t Au and 201g/t Ag

From SMD087 (Figure 14):

- 87m at 1.74% Cu, 0.57g/t Au and 20g/t Ag from 140m, including
 - 24m at 4.19% Cu, 1.27g/t Au and 53g/t Ag from 163m, including:
 - 2m at 11.75% Cu, 1.45g/t Au and 66g/t Ag from 170m, and including
 - 1.5m at 13.28% Cu, 2.58g/t Au and 209g/t Ag from 181.7m, and including
 - 0.8m at 24.1% Cu, 1.16g/t Au and 249g/t Ag
 - 9m at 4.09% Cu, 1.83g/t Au and 39g/t Ag from 218m down-hole, including
 - 1m at 1.30% Cu, 10.05g/t Au and 48g/t Ag

The base of the 24m high-grade interval hosted a narrower interval of strong polymetallic mineralisation including:

- 2m at 9.95% Cu, 0.71g/t Au, 107g/t Ag, 3.87% Zn, 1.18% Pb, 0.89% Ni, 0.90% Cr and 0.05% Co

Drill holes SMD088 and SMD089, located 100m apart, intercepted the Cayley Lode both above and below the LAS and demonstrates that the LAS' influence is simply a modest offset to the mineralisation.

From SMD088 (Figure 15):

- 30m at 1.98% Cu, 0.23g/t Au and 9.1g/t Ag from 212.3m, including:
 - 10.8m at 3.20% Cu, 0.31g/t Au and 16g/t Ag from 216m, and
 - 5.8m at 3.54% Cu, 0.43g/t Au and 14g/t Ag from 233.2m
- 11.7m at 1.42% Cu, 0.15g/t Au and 4.5g/t Ag from 319.5m, and
- 15.6m at 1.26% Cu, 0.17g/t Au and 5g/t Ag from 342m, and
- 4.4m at 1.61% Cu, 0.20g/t Au and 5.7g/t Ag from 365.6m

From SMD089 (Figure 16):

- 11.8m at 1.54% Cu, 0.42g/t Au and 14g/t Ag from 87m, including:
 - 3m at 3.28% Cu, 1.09g/t Au and 34g/t Ag from 91m
- 19.9m at 2.40% Cu, 0.35g/t Au and 17g/t Ag from 214m, including:
 - 7.1m at 4.30% Cu, 0.52g/t Au and 35g/t silver from 219m, including:
 - 3m at 6.02% Cu, 0.71g/t Au and 52g/t Ag from 219m
- 9.7m at 3.10% Cu, 0.97g/t Au and 26g/t Ag from 271m, including:
 - 2m at 7.86% Cu, 2.09g/t Au and 88g/t Ag

A full list of significant intercepts is presented in Table 3.

The mineralisation is characterised by structurally controlled massive to semi-massive sulphide and quartz-sulphide dominated by early pyrite that is fractured and brecciated by later copper sulphides chalcopyrite, bornite and chalcocite.

Drill hole SMD073, located in the far north-west portion of the Cayley Lode, intercepted an interval of moderate to strong sphalerite (zinc sulphide) mineralisation within pyritic massive sulphide in the Cayley Lode from 359.2m to 365.0m. This zone returned polymetallic-gold mineralisation (Figure 17):

- 5m at 1.67g/t Au, 27g/t Ag, 2.35% Zn, 0.43% Pb and 0.25% Cu from 359m including,
 - 0.9m at 4.58g/t Au, 51g/t Ag, 4.49% Zn, 0.52% Pb and 0.42% Cu

The recognition of the lateral/temporal zonation of the Cayley Lode from chalcocite→bornite→chalcopyrite→sphalerite, as exemplified by polymetallic-gold mineralisation in SMD073, is entirely consistent with the well-documented spatial zonation observed in the Magma, Arizona lode-style vein system, which is considered the best geological analogue for the discovery at Thursday's Gossan.

Junction 3 Prospect

Diamond hole SMD071 was drilled to investigate a magnetic high and coincident copper anomaly at the Junction 3 prospect (Figure 18 and 19). The hole intersected a large package of sandstone and siltstones with some intervals of dacite porphyry. The sandstones and siltstones had variable disseminated magnetite as well as fine chalcopyrite on fracture surfaces which may explain the magnetic feature and copper anomaly. However, the presence of fine chalcopyrite veins could possibly indicate proximity to a Lode as it does at Thursdays Gossan and further drilling is needed to determine this. SMD071 did not return any anomalous assay results.

Junction 1 Prospect

Diamond holes SMD075 and SMD077 were drilled to follow-up high-grade copper in historical aircore holes at the Junction 3 prospect (Figure 18 and 19). SMD075 intersected a package of sandstone and siltstones with trace pyrite veining with sericite halos. This hole did not explain the presence of the high-grade copper in the historical aircore holes. SMD077 intersected sandstone and siltstone for the majority of the hole before ending in dacite porphyry. Trace to locally weak quartz+carbonate+sulphide+base metal veining was intersected from 240m to 360m. These two holes have not been sampled as yet.

While the mineralisation in the diamond drill holes differs in character to that in aircore drill hole TGAC078, it is likely that there is some structural complexity in this prospect area that needs to be resolved.

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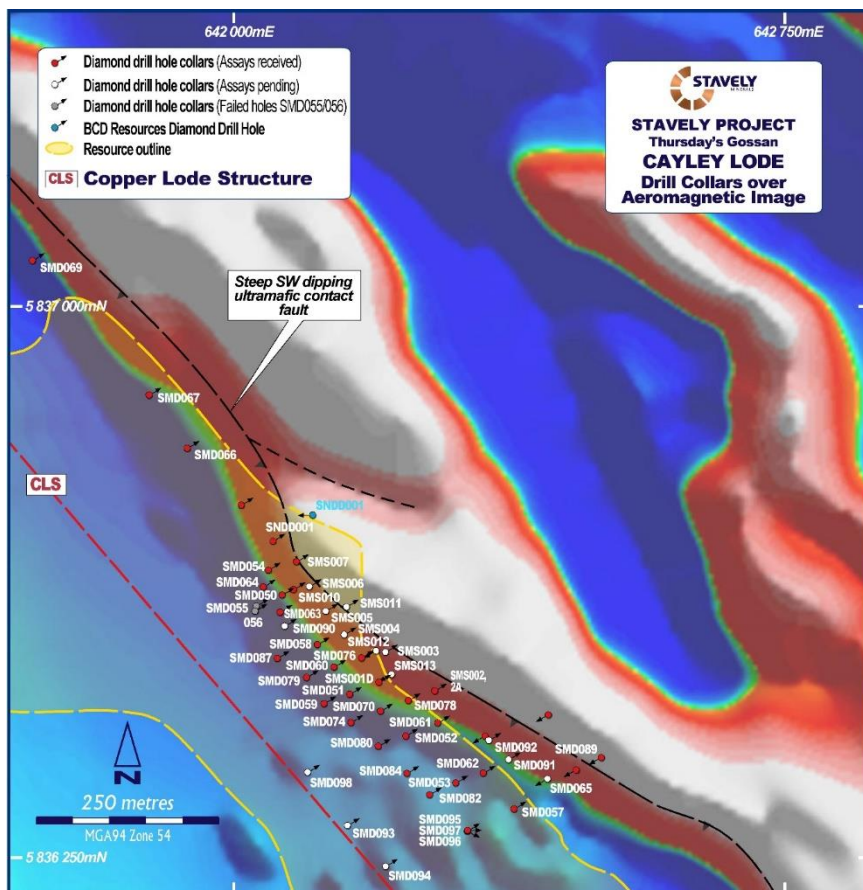


Figure 6. Thursday's Gossan Prospect - Drill Collar Location Plan over Aeromagnetic Image.

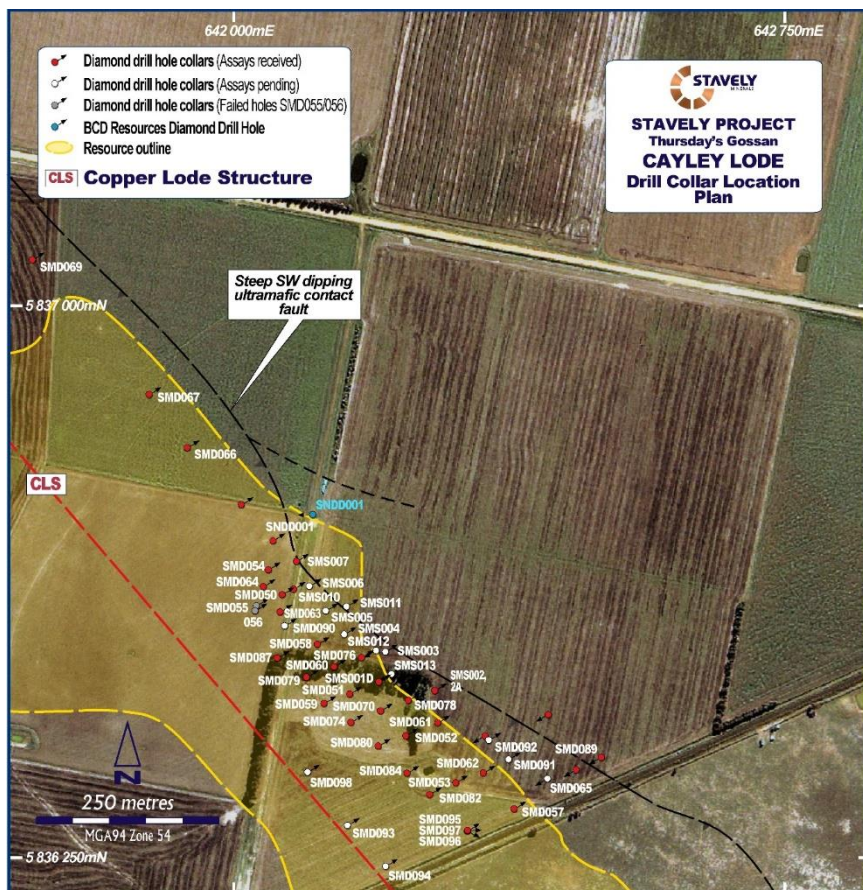


Figure 7. Thursday's Gossan Prospect - Drill Collar Location Plan.

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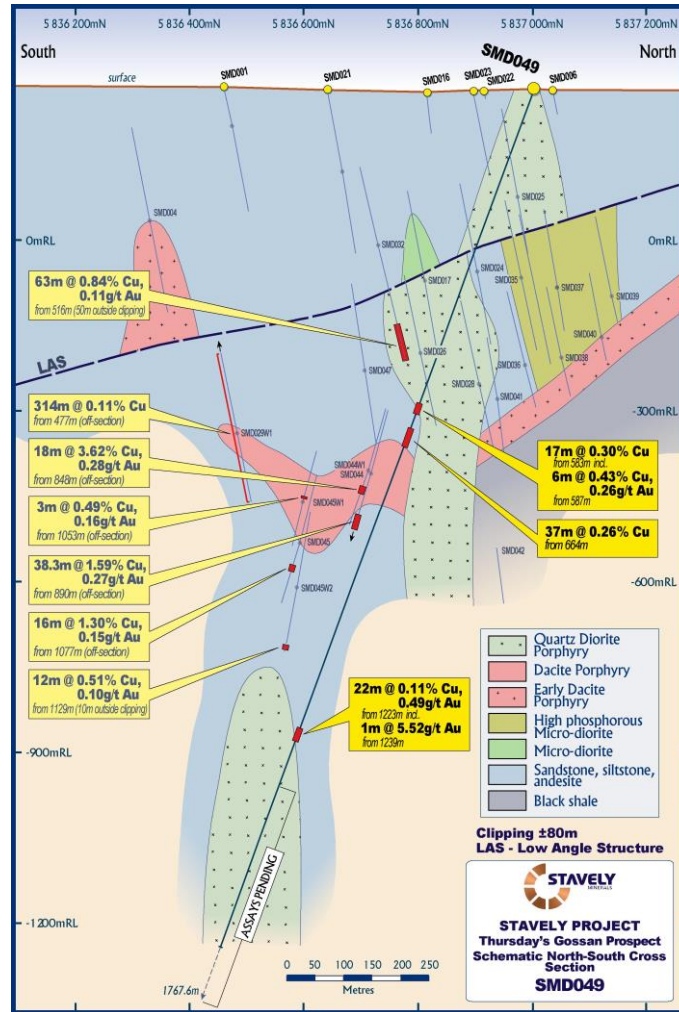


Figure 8. Thursday's Gossan Prospect Schematic Cross Section SMD049.

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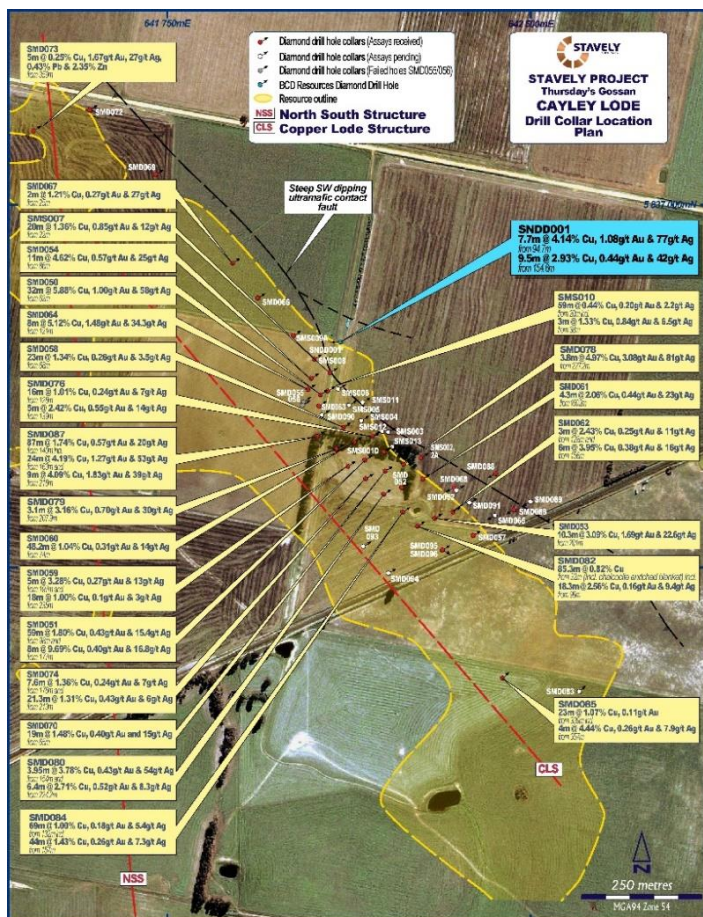


Figure 9. Cayley Lode – Drill Collar Location Plan.

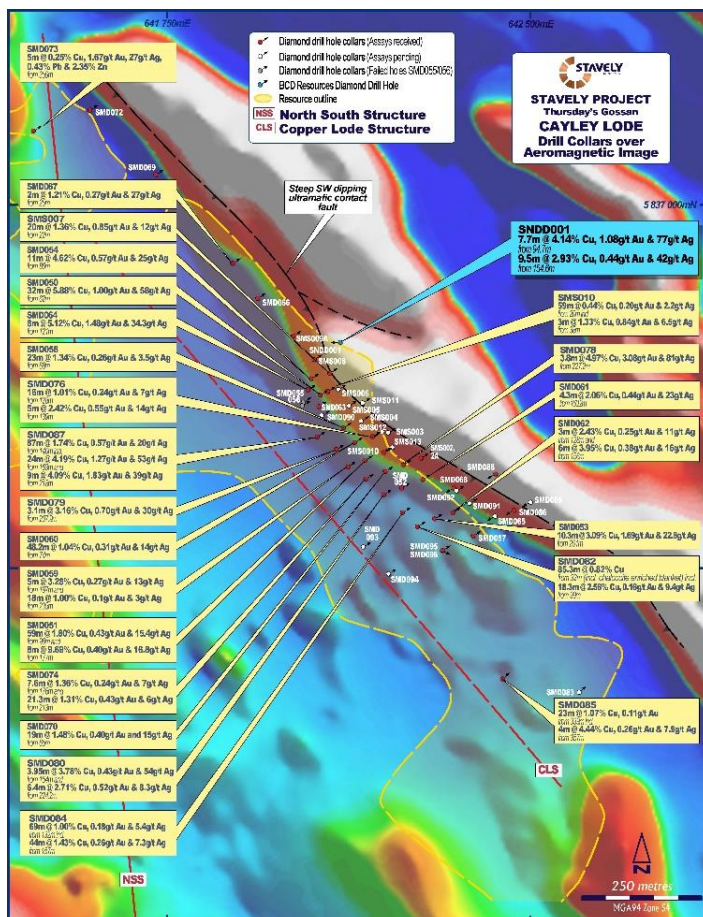


Figure 10. Cayley Lode – Drill Collar Location Plan over Aeromagnetic Image.

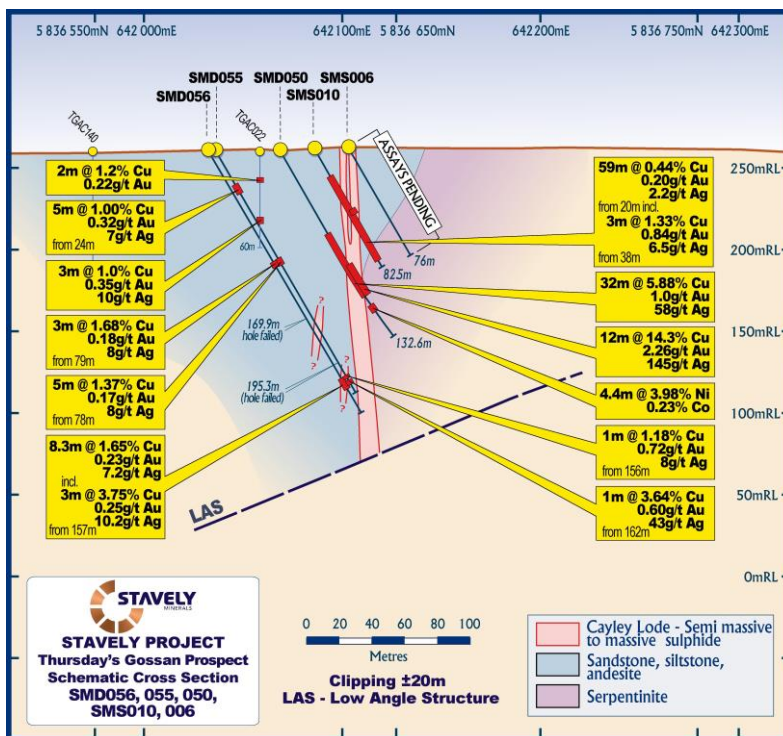


Figure 11. Drill Section SMD056, SMD055, SMD050, SMS010 & SMS006.

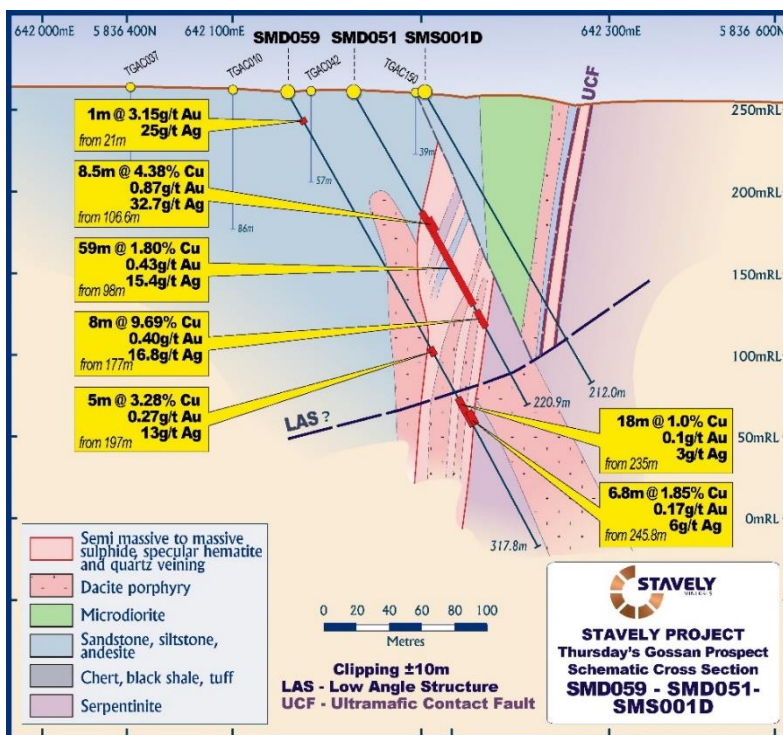


Figure 12. Drill Section SMD059, SMD051 & SMS001D.

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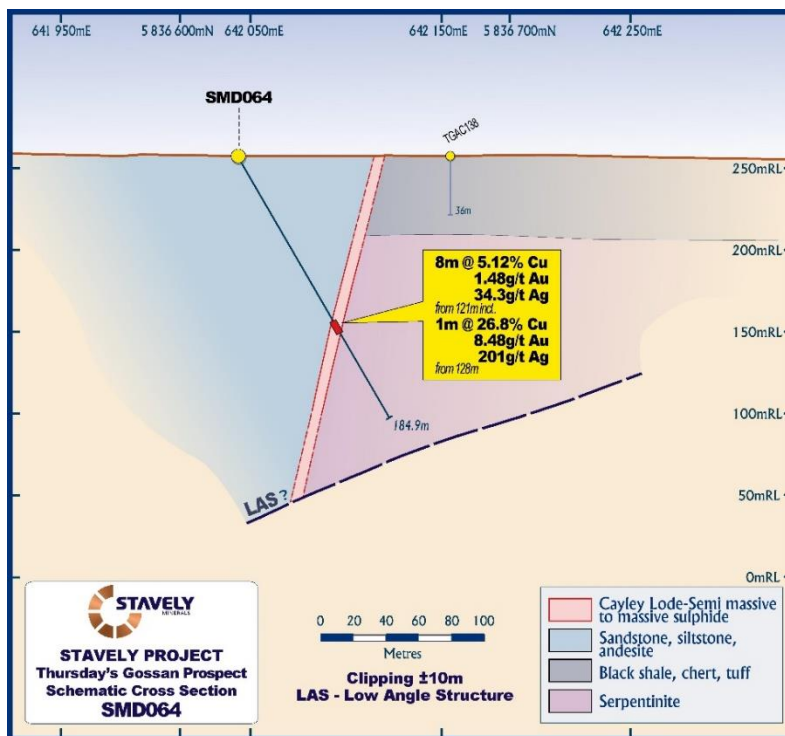


Figure 13. Drill Section SMD064.

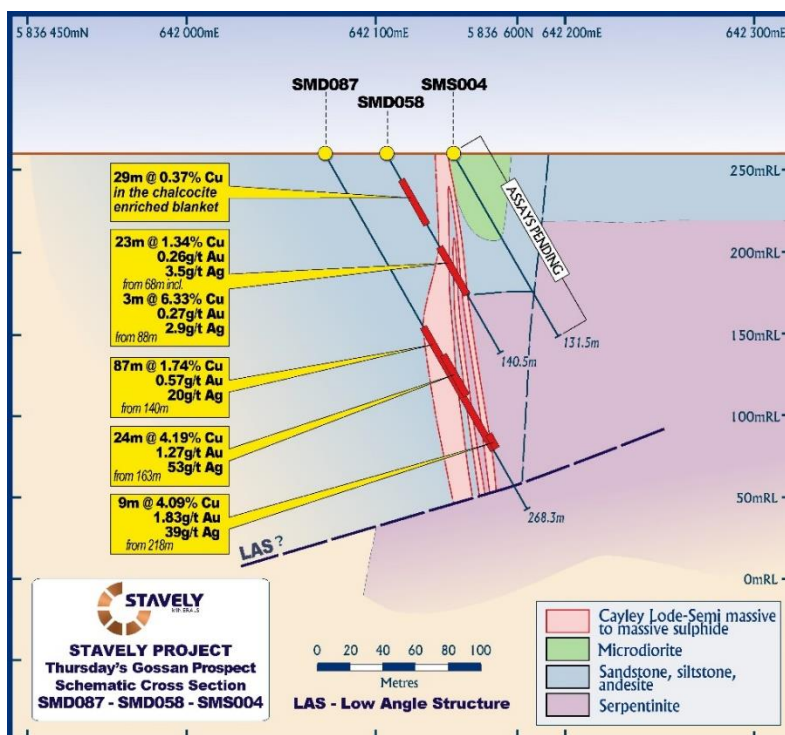


Figure 14. Drill Section SMD087, SMD058 & SMS004.

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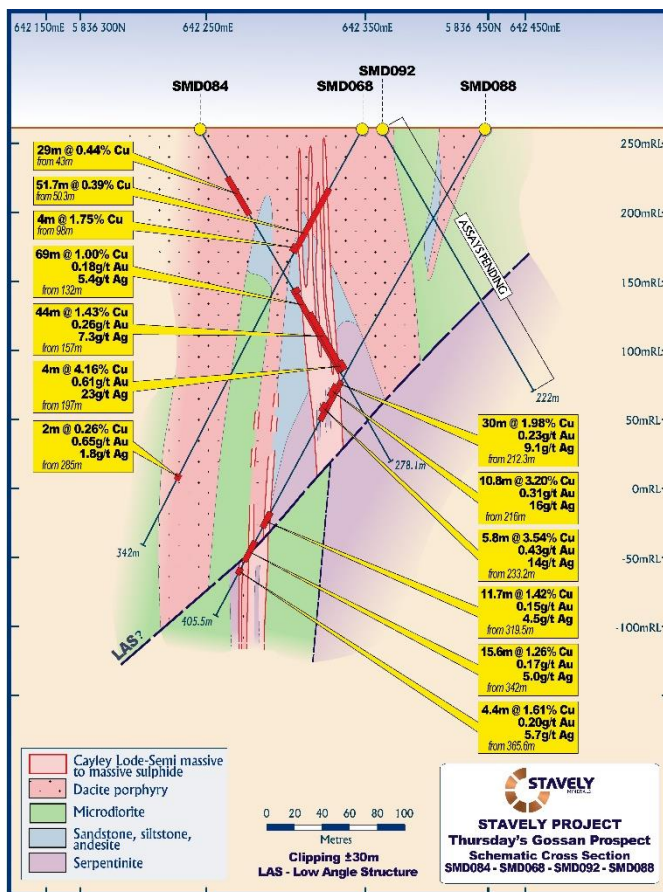


Figure 15. Drill Section SMD084, SMD068, SMD092 and SMD088.

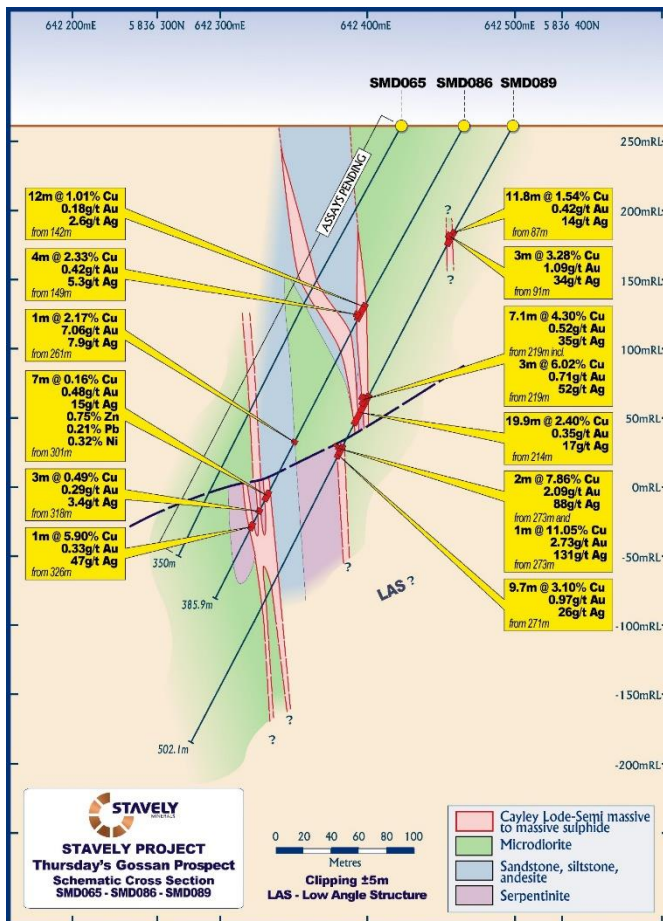


Figure 16. Drill Section SMD065, SMD066 & SMD089.

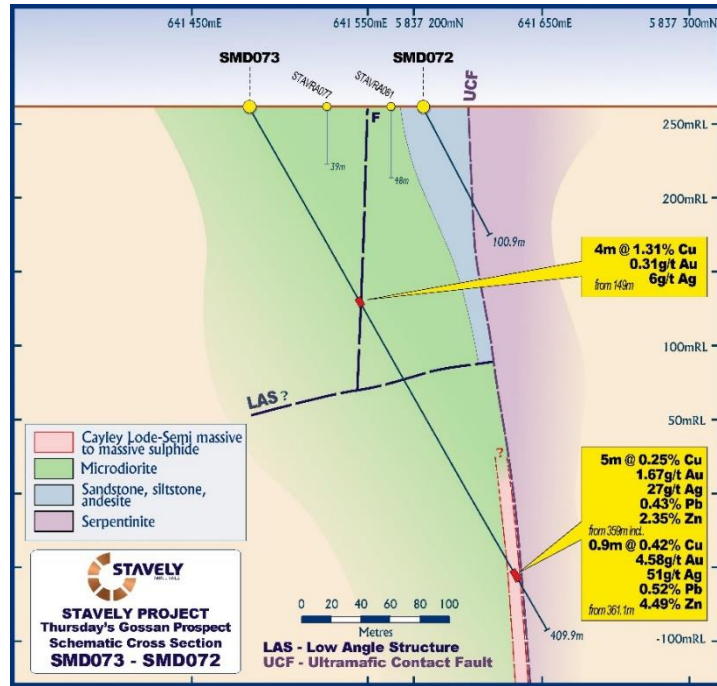


Figure 17. Drill Section SMD073 & SMD072.

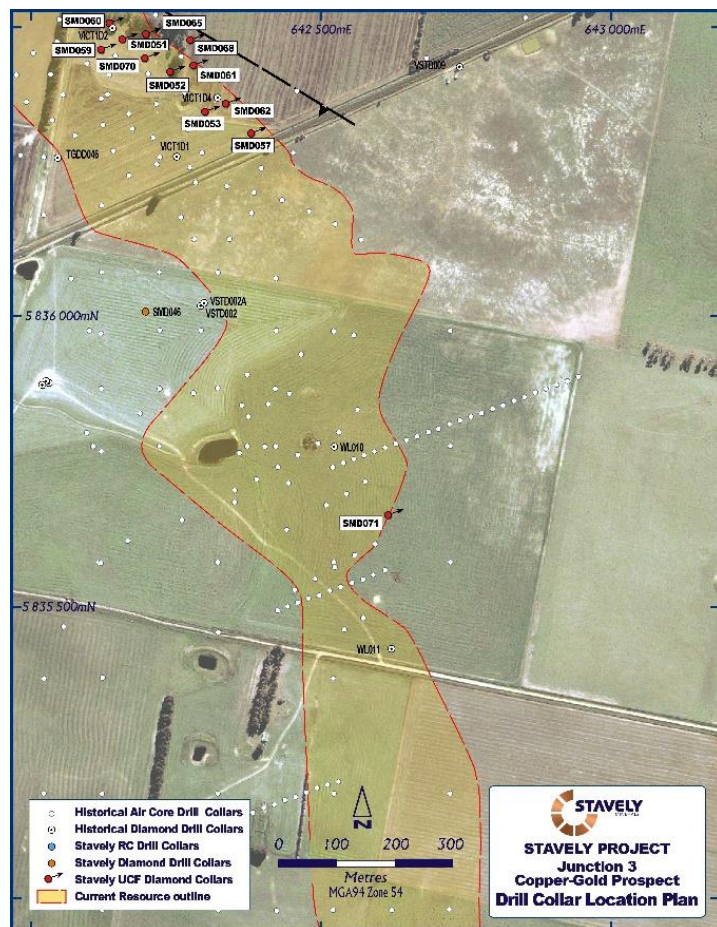


Figure 18. Junction 3 Drill Collar Location Plan.

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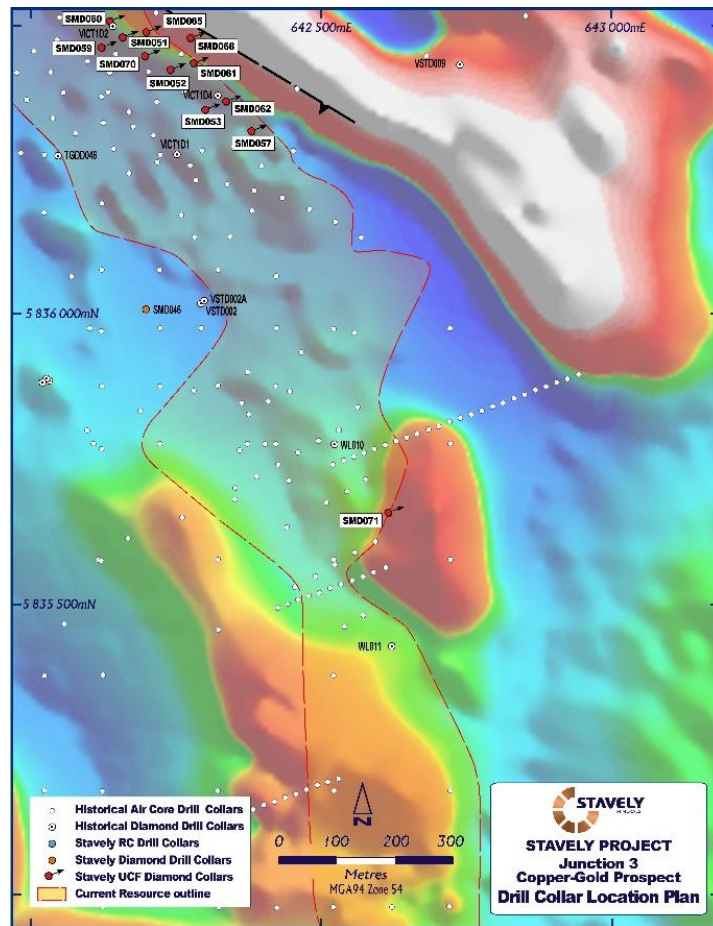


Figure 19. Junction 3 Drill Collar Locations over Aeromagnetics.

Black Range Joint Venture Project

During the year, work conducted on the Black Range JV included the completion of two diamond drill holes at the Yarram Gap prospect (Figure 20). The Yarram Gap prospect comprises two inferred Cambrian intrusions within ultramafic and volcanic units of the Stavely Belt and is considered to have potential for porphyry copper-gold and epithermal gold mineralisation. The possible intrusions coincide with demagnetized zones, surrounded by strongly magnetic units. They occur at the intersection between the northwest-trending Elliott Belt and the northerly-trending Stavely Belt.

Diamond hole SYGD001 was drilled to a depth of 201.6m at the Yarram Gap prospect targeting the north-west trending contact between volcanic-sedimentary rocks and serpentinite (Figure 21). SYGD001 was positioned to test beneath the historic aircore gold intersect of 3m at 1.42g/t gold from 24m. The hole did intersect a fault zone however there was no obvious indications of gold mineralisation associated with the fault.

Diamond hole SYGD002 (Figure 21) was drilled to a depth of 201.5m to target the ultramafic contact. Unfortunately, SYDG002 went directly into serpentinite at 25m, directly below the cover and failed to test the ultramafic contact.

Neither of the drill holes returned any anomalous gold or base metal results.

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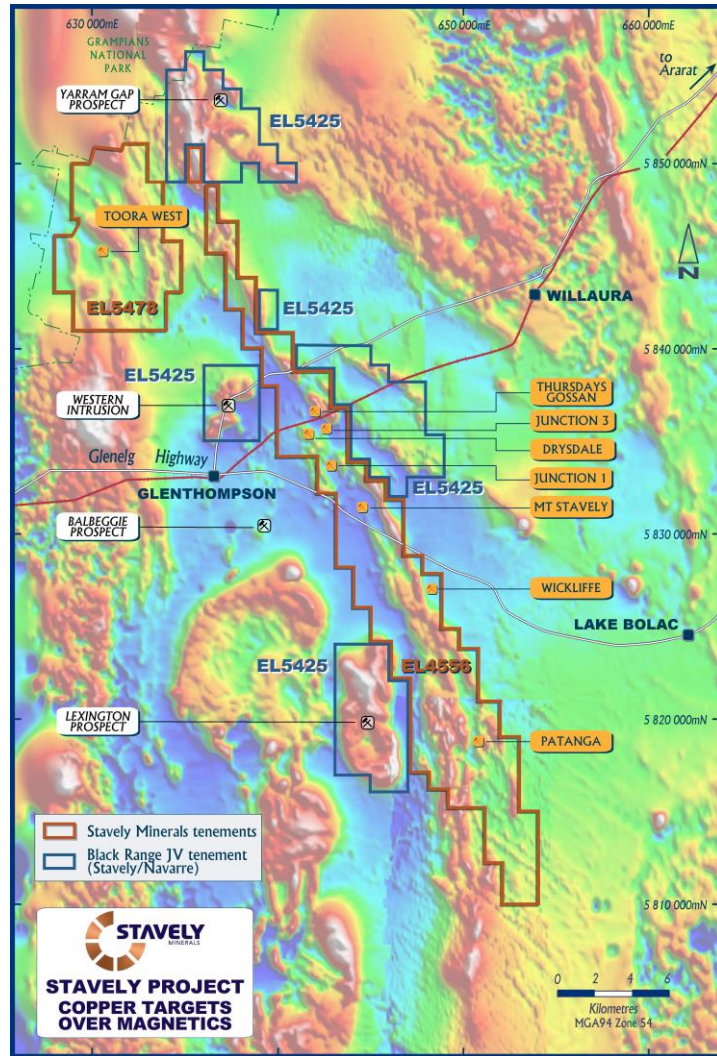


Figure 20. Location of the Yarram Gap Prospect – Black Range JV.

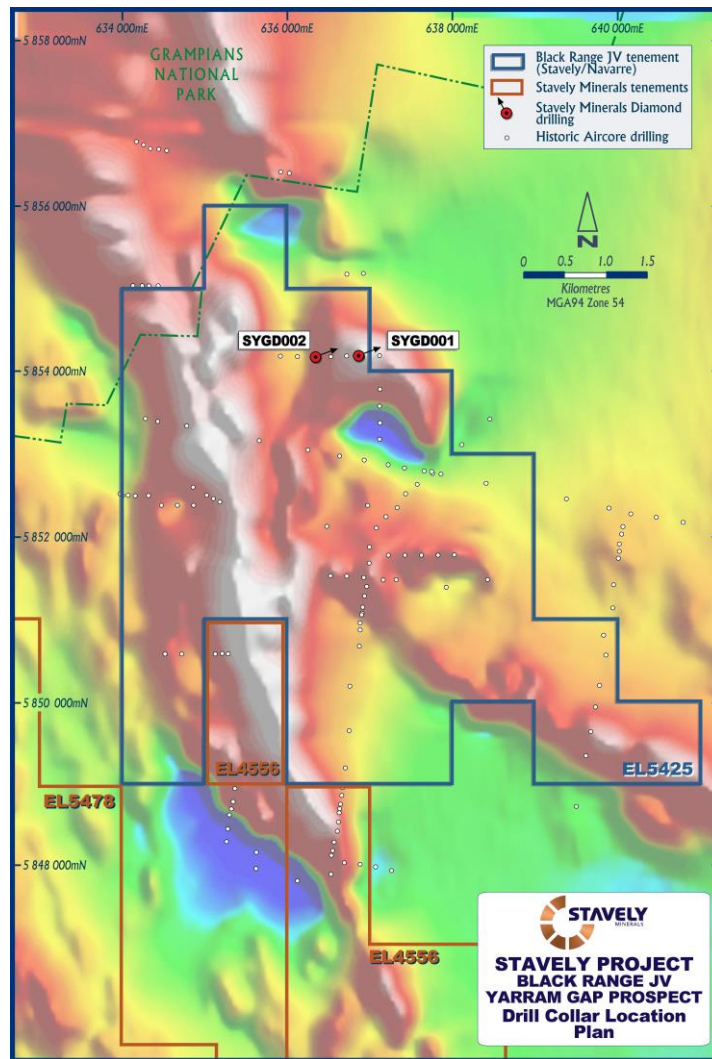


Figure 21. Black Range JV – Drill Hole Location Plan.

Yarram Park Project

The Yarram Park Project is located within an area where interpretation of the regional aeromagnetic data has identified the presence of an offset portion of either the Mount Stavely Belt, or the parallel Bunnagul Belt, beneath the Quaternary cover. Both the Mount Stavely Belt and the Bunnagul Belt are considered to be highly prospective for intrusive-related porphyry copper-gold and diatreme-hosted gold mineralisation. Maiden drilling in 2017 confirmed the existence of the right host rocks with the presence of distal porphyry-style alteration.

During the year, assays were received for the one diamond hole, STWD004, drilled at the Toora West prospect in 2019 (Figure 22).

Toora West Prospect

Diamond hole STWD004 was drilled to a depth of 372 metres to test a discrete magnetic anomaly in the vicinity of the previous drilling at the Toora West prospect. STWD004 intercepted a south westerly-dipping sequence of massive and amygdaloidal basaltic andesite and basalt lavas, intruded by numerous, northwest and southwest-dipping stocks and/or dykes of very coarse-grained, sparsely feldspar phyric rhyodacite. The lavas were overprinted by a moderate pervasive chlorite±magnetite±epidote alteration assemblage with intervals of coarse-grained blebby pyrite and trace chalcopyrite. Below 170m, the lavas were cut by laminated quartz+pyrite shear-related veins with sericite selvages and low temperature carbonate+quartz veins with colloform banding and no sulphides. The circular aeromagnetic feature appears to be related to patchy secondary magnetite within the

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intermediate to mafic lavas. No anomalous gold and only minor anomalous base metal assays were returned from drill hole STWD004.

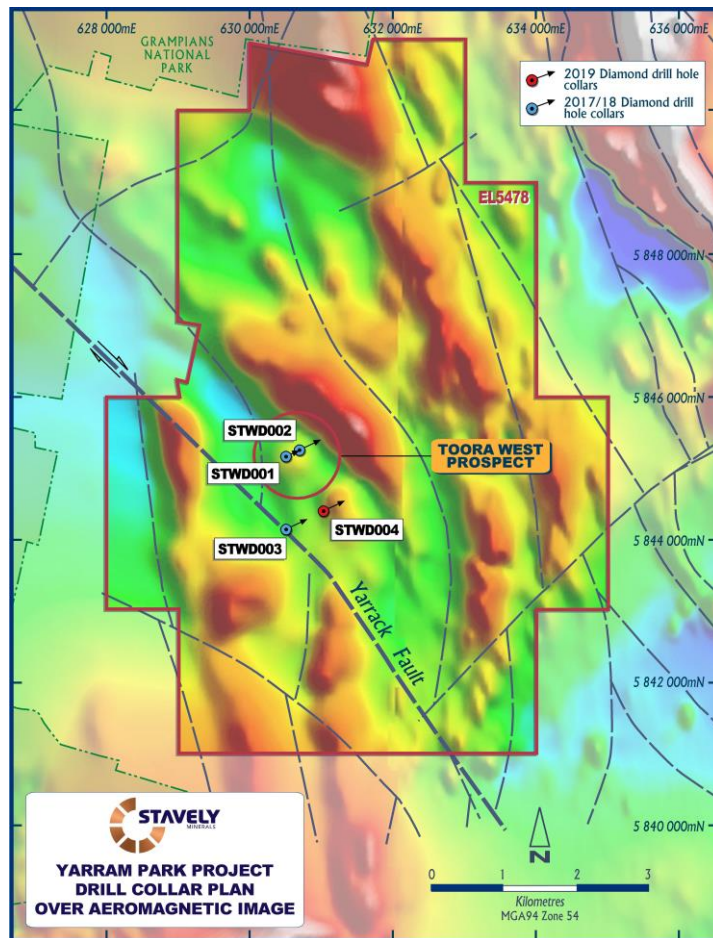


Figure 22. Yarram Park Project - Drill Collar Plan over Aeromagnetic Image.

Ravenswood Project

The Ravenswood Project is highly prospective for gold-copper mineralisation, with excellent potential for orogenic and intrusive-related gold mineralisation, epithermal gold mineralisation as well as having four porphyry copper-molybdenum-gold prospects identified.

During the year, work commenced on applications for approvals, gaining landholder access and cultural heritage clearance for a drill program planned at the Kirkers prospect on EPM26041 (Figure 23).

At the Kirkers prospect, rock chip sampling in 2017 returned up to 3.71g/t gold and 536ppm copper from the NE-trending Kirkers vein. Recent mapping has indicated that the 670m long vein possibly bifurcates into two or more subparallel veins at the southern end. Mineralised quartz veins containing hematite, galena and chalcopyrite rimmed by chalcocite extend 500m SW of the Kirkers mine.

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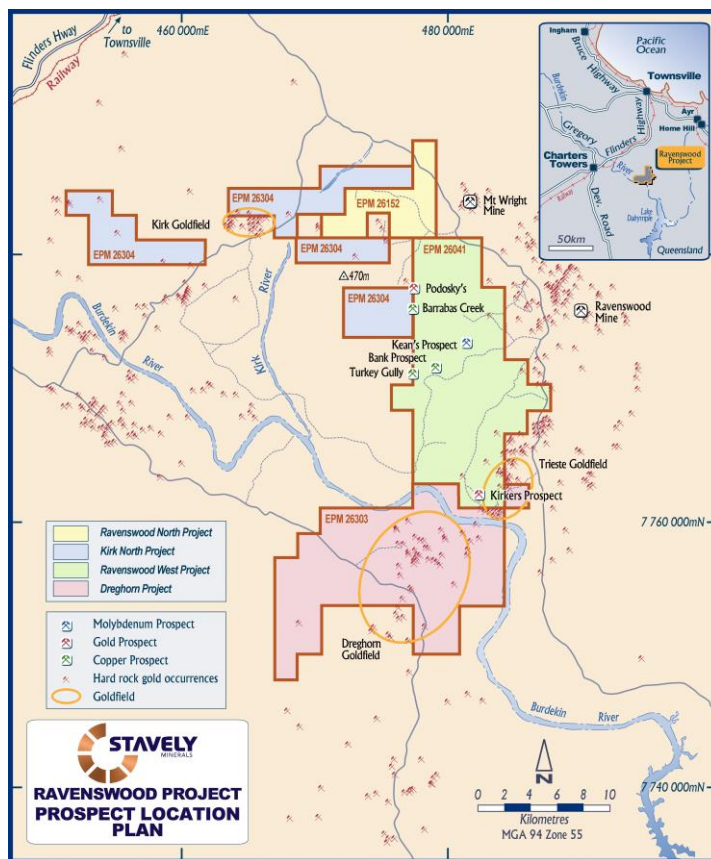


Figure 23. Ravenswood Project - Project Location Plan.

Tasmania and Central Victoria

During the year, the Company’s wholly owned subsidiary, Stavely Tasmania Pty Ltd (Stavely Tasmania), was granted three exploration licences (EL19/2018, EL4/2019 & EL6/2019) within the highly prospective Alberton – Mathinna “Gold Corridor” in northeast Tasmania (Figure 24). The Mathinna Goldfield, which was particularly prolific prior to the first World War produced 289,000 ounces of gold up to 1932².

In addition, Stavely Tasmania acquired a key exploration licence (EL2/2015) covering the structural extension of the high-grade Mathinna Gold Project in Tasmania; the majority of the historical Lefroy goldfield (EL3/2015, RL1/2015) where past gold production is reported to be 180,000 oz at 28g/t gold³; and an exploration licence (EL6668) in central Victoria approximately 10km east of the world-class 9 million-ounce Fosterville Gold Mine (Figure 25).

² Tasmania Department of Mines – Report 1992/10, *Northeast Goldfields: A Summary of the Tower Hill, Mathinna and Dans Rivulet Goldfields*, Taheri and Findlay, 1992

³ Tasmania Department of Mines – Report 1994/03, *Northeast Goldfields: A Summary of the Beaconsfield, Lefroy, Back Creek and Gladstone goldfields*, McClenaghan, 1994

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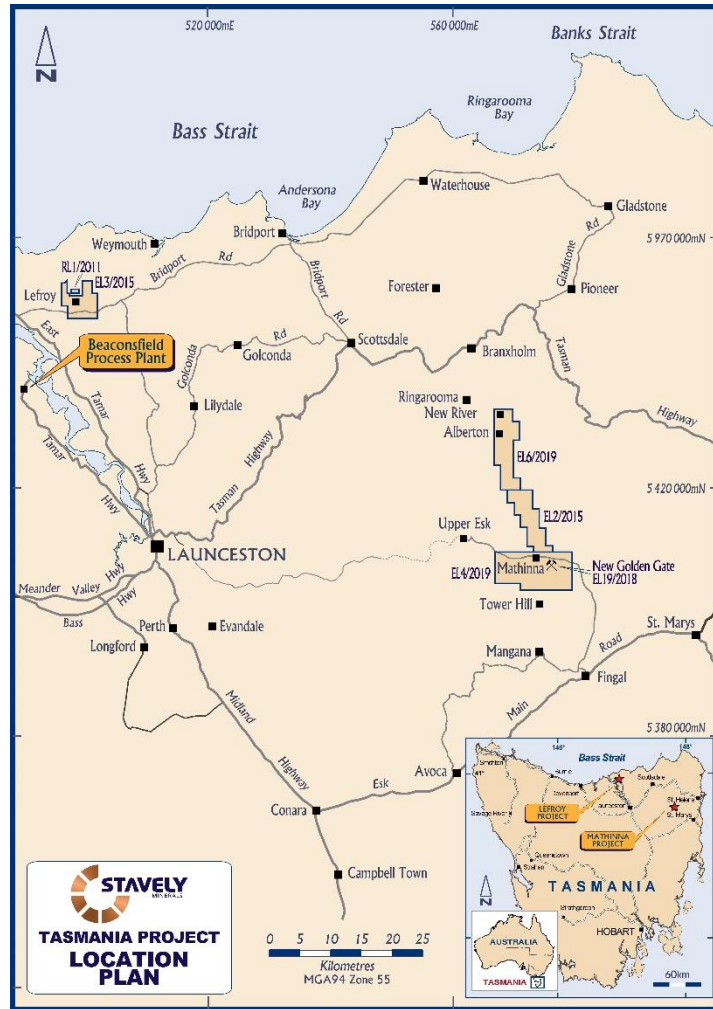


Figure 24. Tasmania Project Location Plan.

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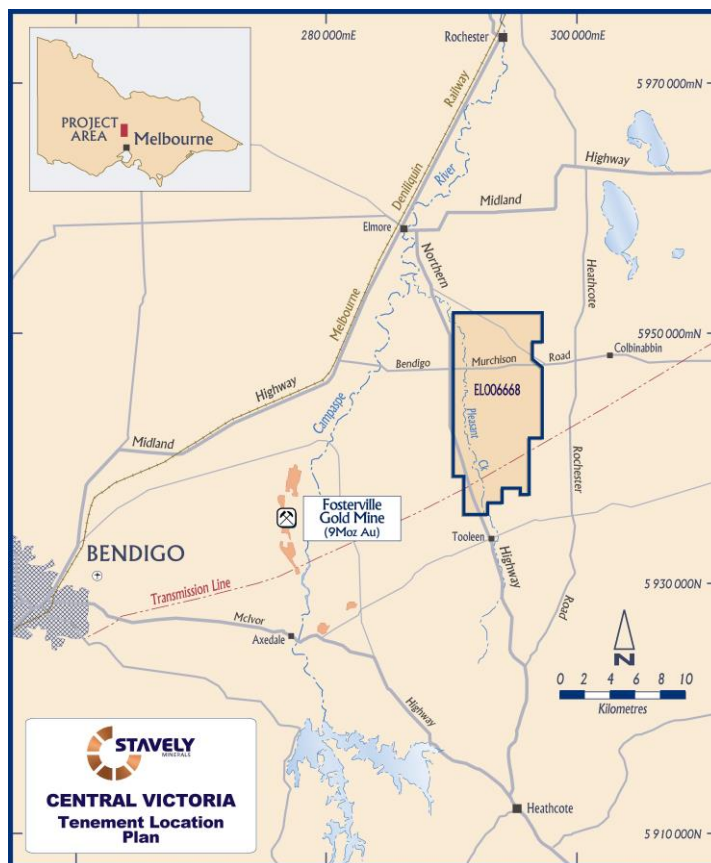


Figure 25. Central Victoria Project Location Plan.

Mathinna Project

A total of seven diamond drill holes were completed for 2,194m at the Mathinna Project in the vicinity of the New Golden Gate Mine (Figure 26).

Three diamond drill holes (MDD002 to MDD004) were designed to test the potential extensions of the historical mine area. Drill hole MDD001 failed and was redrilled as MDD002. Four diamond drill holes (MDD005 to MDD008) were drilled as part of Mineral Resources Tasmania’s (MRT) Exploration Drilling Initiative Program to better understand the overall stratigraphic and structural setting of the Mathinna area.

The extensional drilling identified lode style gold mineralisation in the projected locations and included a number of intervals containing small amounts of visible gold (Photo 1).



Photo 1. Photograph of Visible Gold in Mathinna Diamond Drilling (MDD005 179.3m Down-hole).

Significant intercepts (using 30g Fire Assay method) include:

- MDD002 - 3m at 1.48 g/t Au from 90m
 - 3.05m at 1.38 g/t Au from 113.95m⁴
 - 3.24m at 1.20 g/t Au from 126m
 - 4m at 1.67 g/t Au from 312m
- MDD004 - 1m at 2.77 g/t Au from 133.4m
- MDD005 - 8m at 0.61 g/t Au from 44m
 - 2.69m at 0.48 g/t Au from 61.95m
 - 0.54m at 0.27 g/t Au from 179.3m³

The individual sample repeatability using the 30g fire assay methods available in Tasmania was poor. As a result, anomalous samples from MDD002 were sent to Perth for check analysis using the larger (500g) sample sized PhotonAssay method.

The individual check assays using the PhotonAssay method varied from the original 30g fire assay (FA) results by up to +420% (0.32g/t using FA repeated at 1.66g/t using PhotonAssay) and the overall mineralised zones were up to 51% higher using the larger (and more representative) PhotonAssay method (MDD002 113.95m to 117m - 3.05m at 1.38 g/t using FA methods repeated at 2.09 g/t using PhotonAssay).

Clearly variability of this magnitude is unusual and needs to be investigated along with the low grades reported from intervals where visible gold was observed.

Individual sample results from MDD002 using the PhotonAssay method identified that the gold distribution in a number of the samples was heterogeneous, indicating the presence of nuggety coarse gold. This could go part of the way to explain why the very small (30g) fire assay methods available in Tasmania have not resulted in higher grade results.

Based on the limited amount of check assay results to date, the results received using the 30g fire assay method (and reported above) may not be representative of the mineralisation.

Four co-funded drill holes (MDD005 – 008) were completed to understand the stratigraphic and structural setting of the Mathinna mineralisation. MRT's Exploration Drilling Grant Initiative contributed 50% of direct drilling costs, capped at \$100,000 for these four holes. These holes have provided a significant dataset of excellent structural information that will help to target further exploration both at Mathinna and along the structural trend which extends for more than 30km from Tower Hill in the south to Alberton in the north.

⁴ Interval where visible good was observed

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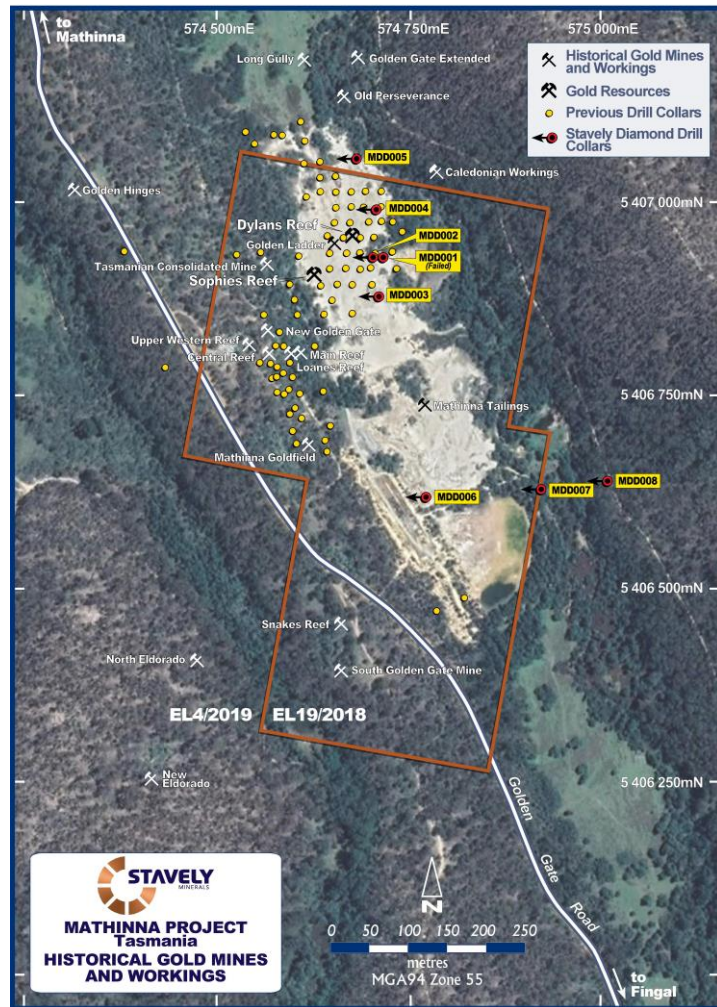


Figure 26. Mathinna Project - Diamond Drill Hole Location Plan.

Table 3. Cayley Lode - Significant Intercept Table.

Thursday's Gossan Prospect – Cayley Lode Intercept Table														
Hole id	Hole Type	MGA 94 zone 54					Intercept							
		East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	Ag (g/t)	Ni (%)	
SMD050	DD	642070	5836609	-60/59.5	264	132.6	62	94	32	5.88	1.00	58		
							Incl.	82	94	12	14.3	2.26	145	
							and	85	87	2	40	3.00	517	
								96.7	101.1	4.4				3.98
SMD051	DD	642160	5836476	-60/59.5	264	220.9	98.0	157.0	59	1.80	0.43	15.4		
							Incl.	106.6	115.1	8.5	4.38	0.87	32.7	
							and	134.0	137.0	3.0	5.66	0.29	4.60	
							Incl.	177.0	185	8.0	9.69	0.40	16.8	
SMD052	DD	642238	5836421	-60/59.5	264	271.7	25	92	67	0.38	0.10	2.5		
							Incl.	76	92	16	0.63	0.28	7.0	
							Incl.	77	84	7	0.98	0.23	12	
SMD053	DD	642302	5836355	-60/59.5	264	273.6	30	52	22	0.37				
								176	178	2	1.17	1.23	4.1	
								201	211.3	10.3	3.09	1.69	22.6	
							Incl.	202	207	5	5.81	3.20	43.6	
							and	203	204	1	8.42	1.77	97	
							and	204	205	1	2.91	8.69	23.9	
SMD054	DD	642048	5836641	-60/59.5	264	245.52	55	57	2	1.89	0.56	16		
								86	97	11	4.62	0.57	25	
							Incl.	90	97	7	7.10	0.72	39	
							Incl.	92	95	3	10.87	0.67	52	
								96	101	5				1.42
SMD055	DD	642032	5836595	-60/59.5	264	169.9	24	29	5	1.00	0.32	7		
								78	83	5	1.37	0.17	8	
								156	157	1	1.18	0.72	8	
								162	163	1	3.64	0.60	43	
SMD056	DD	642031	5836590	-60/59.5	264	185.8	79	82	3	1.68	0.18	8		
								157	165.3	8.3	1.65	0.23	7.2	
							Incl.	157	160	3	3.75	0.25	10.2	
SMD057	DD	642386	5836309	-60/59.5	264	242.2	No Significant Results							
SMD058	DD	642115	5836542	-60/59.5	264	140.5	19	48	29	0.37				
								68	91	23	1.34	0.26	3.5	
							Incl.	88	91	3	6.33	0.27	2.9	

Thursday's Gossan Prospect – Cayley Lode Intercept Table														
Hole id	Hole Type	MGA 94 zone 54					Intercept							
		East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	Ag (g/t)	Ni (%)	
SMD059	DD	642122	5836461	-60/59.5	264	317.8	21	22	1		3.15	25		
							197	202	5	3.28	0.27	13		
							235	253	18	1.00	0.10	3		
							Incl.	245.8	252.6	6.8	1.85	0.17	6	
SMD060	DD	642137	5836508	-60/59.5	264	203.2	19.2	135.4	102.3 ¹	0.68				
							Incl.	74	135.4	48.2 ²	1.04	0.31	14	
							Incl.	74	86	12	1.55	0.63	13	
							and	111	135.4	13.6 ³	1.90	0.38	33	
							Incl.	129	135.1	6.10	3.55	0.73	41	
						116.6	119	2.4 ⁴				1.20		
SMD061	DD	642276	586435	-60/59.5	264	219.5	160.2	164.5	4.3	2.06	0.44	23		
SMD062	DD	642337	5836367	-60/59.5	264	227.70	128	131	3.0	2.43	0.25	11		
								156	162	6.0	3.95	0.38	16	
							Incl.	160	162	2.0	7.46	0.61	31	
							and	160	161	1.0	10.5	0.86	35	
SMD063	DD	642063	5836585	-60/59.5	264	162.7	106	107	1.0	1.10	0.16	5.5		
SMD064	DD	642041	5836619	-60/59.5	264	184.9	121	129	8.0	5.12	1.48	34		
							Incl.	128	129	1.0	26.8	8.48	201	
SMD065	DD	642427	5836356	-60/239.5	264	350	Assays Pending							
SMD066	DD	641936	5836807	-60/59.5	264	294	No Significant Results							
SMD067	DD	641884	5836880	-60/59.5	264	236	16	34	18.0	0.43	0.35	13		
							Incl.	25	27	2.0	1.21	0.27	27	
								107	109	2.0	1.32		8	
SMD068	DD	642342	5836414	-60/239.5	264	342	50.3	102	51.7	0.39				
							Incl.	98	102	4	1.75	0.31	16	
								285	287	2	0.26	0.65	1.8	
SMD069	DD	641725	5837063	-60/59.5	264	130.7	No Significant Results							
SMD070	DD	642199	5836451	-60/59.5	264	275.9	20	95	75.0	0.60	0.19	5		
							Incl.	65	84	19.0	1.48	0.40	15	
							and	69.3	73	3.7	6.02	1.18	66	
							and	71	72	1.0	9.23	2.67	125	
SMD072	DD	641585	5837196	-60/59.5	264	100.9	No Significant Results							
SMD073	DD	641473	5837155	-60/59.5	264	409.9	149	153	4.0	1.31	0.31	6		
								359	364	5.0	0.25	1.67	27	
							Incl.	361.1	362	0.9	0.42	4.58	51	

Thursday's Gossan Prospect – Cayley Lode Intercept Table														
Hole id	Hole Type	MGA 94 zone 54					Intercept							
		East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	Ag (g/t)	Ni (%)	
SMD074	DD	642162	5836437	-60/59.5	264	302	25	59	34.0	0.32				
							176	183.6	7.6	1.36	0.24	7		
							193	197.7	4.3 ⁵	1.94	0.27	10		
							213	234.3	21.3	1.31	0.43	6		
SMD076	DD	642174	5836523	-60/59.5	264	198.4	128	144	16	1.01	0.24	6.5		
						Incl.	139	144	5	2.42	0.55	14		
SMD078	DD	642237	5836464	-60/59.5	264	274.9	227.2	231	3.8	4.97	3.08	81		
SMD079	DD	642099	5836496	-60/59.5	264	306.7	24	41	17	0.31				
							86	87	1	1.29	0.41	9		
							141	144	3	1.38	0.15	5		
							153	154	1	1.16	0.31	8		
							159	161	2	0.64	1.82	8.4		
207.9	211	3.1	3.16	0.70	30									
SMD080	DD	642196	5836406	-60/59.5	264	309.3	23	25	2	1.75				
							25	52	27	0.58				
							154	157.95	3.95	3.78	0.43	54		
							156	157.95	1.95	7.02	0.35	102		
							189	196	7	1.07	0.26	23		
224.2	230.6	6.4	2.71	0.52	8.3									
SMD082	DD	642264	5836342	-60/59.5	264	313.4	32	117.3	85.3	0.82				
							Incl.	99	117.3	18.3	2.56	0.16	9.4	
							Incl.	104.5	116	11.5	3.76	0.23	14	
							243	247.8	4.8	2.42	0.31	25		
SMD083	DD	642599	5835995	-60/49.5	264	433.1	Assays Pending							
SMD084	DD	642236	5836364	-60/59.5	264	278.1	43	72	29	0.44				
							Incl.	132	201	69	1.00	0.18	5.4	
							Incl.	157	201	44	1.43	0.26	7.3	
							Incl.	197	201	4	4.16	0.61	23	
SMD085	DD	642444	5836022	-60/49.5	264	522.3	339	362	23	1.07	0.11			
							Incl.	357	361	4	4.44	0.26	7.9	
							Incl.	358	359	1	9.44	0.22	6.4	

Thursday's Gossan Prospect – Cayley Lode Intercept Table														
Hole id	Hole Type	MGA 94 zone 54					Intercept							
		East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	Ag (g/t)	Ni (%)	
SMD086	DD	642465	5836370	-60/239.5	264	385.9								
							Incl.	142	154	12	1.01	0.18	2.6	
								149	153	4	2.33	0.42	5.3	
								261	262	1	2.17	7.06	7.9	
								301	308	7	0.16	0.48	15	0.32
								318	321	3	0.49	0.29	3.4	
SMD087	DD	642060	5836522	-60/59.5	264	268.3								
							Incl.	140	227 ⁶	87	1.74	0.57	20	
								163	187	24	4.19	1.27	53	
							and	170	172	2	11.75	1.45	66	
							and	181.7	183.2	1.5	13.28	2.58	209	
							and	185.6	186.4	0.8	24.1	1.16	249	
							and	185	187	2	9.95	0.71	107	0.89
							Incl.	218	227	9	4.09	1.83	39	
and	226	227	1	1.30	10.05	48								
SMD088	DD	642427	5836445	-60/239.5	264	405.5								
							Incl.	212.3	242.3	30	1.98	0.23	9.1	
								216	226.8	10.8	3.20	0.31	16	
							and	233.2	239	5.8	3.54	0.43	14	
								319.5	370	50.5	0.88	0.11	3.8	
							Incl.	319.5	331.2	11.7	1.42	0.15	4.5	
							and	342	357.6	15.6	1.26	0.17	5.0	
and	365.6	370	4.4	1.61	0.20	5.7								
SMD089	DD	642502	5836384	-60/239.5	262	502.1								
							Incl.	87	98.8	11.8	1.54	0.42	14	
								91	94	3	3.28	1.09	34	
								214	233.9	19.9	2.40	0.35	17	
							Incl.	219	226.1	7.1	4.30	0.52	35	
							Incl.	219	222	3	6.02	0.71	52	
								271	280.7	9.7	3.10	0.97	26	
							Incl.	273	275	2	7.86	2.09	88	
							Incl.	273	274	1	11.05	2.73	131	
SMD090	DD	642068	5836563	-60/59.5	262	213.8	Assays Pending							
SMD091	DD	642374	5836383	-60/59.5	262	191	Assays Pending							
SMD092	DD	642346	5836411	-60/59.5	262	222	Assays Pending							
SMS001D	Sonic/ DD	642197	5836489	-60/59.5	264	212	No Significant Results							

1. Excluding 13.9m of core loss
2. Excluding 13.2m of core loss
3. Excluding 10.8m of core loss
4. 1.8m of core loss immediately above this interval
5. 0.4m of core loss included in this interval
6. 0.3m of core loss included in this interval

JORC Compliance Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Chris Cairns, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Cairns is a full-time employee of the Company. Mr Cairns is the Managing Director of Stavely Minerals Limited, is a substantial shareholder of the Company and is an option holder of the Company. Mr Cairns 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 Cairns consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

With respect to reporting of the Mineral Resources at the Mt Ararat VMS copper-gold-zinc deposit and Thursday's Gossan chalcocite copper deposit, the information is extracted from the report entitled "Mount Ararat 2015 Resource Estimate Report" and "Appendix 1, Reporting of Thursday Gossan Chalcocite Copper Resource against criteria in Table 1 JORC Code 2012" dated 24 August 2015 authored by Mr Duncan Hackman of Hackman and Associates Pty Ltd. Mr Hackman is a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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' (The JORC Code, 2012 Edition).

As there has been no new information generated from the Mineral Resource areas, Mr Cairns has reviewed the underlying assumptions in the 2015 Mineral Resources reports and finds that there have been no material changes and that the underlying assumptions and technical parameters remain valid. There are therefore no changes to the Mineral Resources estimates from this annual review.

Stavely Minerals' policy for Mineral Resources estimates is to have the estimates done by suitably qualified and experienced external consultants and have these estimates reviewed internally by suitably qualified and experienced Stavely Minerals' personnel.

Bibliography

- Cayley, R.A and Taylor, D.H., 2001, Ararat: 1:100 000 map area geological report. Geological Survey of Victoria Report 115.
- Crawford, A.J., Cayley, R.A., Taylor, D.H., Morand, V.J., Gray, C.M., Kemp, A.I.S., Wohlt, K.E., Vandenberg, A.H.M., Moore, D.H., Maher, S., Direen, N.G., Edwards, J., Donaghy, A.G., Anderson, J.A., and Black, L.P., 2003, Neoproterozoic and Cambrian continental rifting, continent-arc collision and post-collisional magmatism in Evolution of the Palaeozoic Basement. Geological Society of Australia, Sydney, Australia, pages 73 -93.
- Schofield, A. (ed) 2018, Regional geology and mineral systems of the Stavely Arc, western Victoria. Record 2018/02. Geoscience Australia, Canberra.

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Your Directors present their report for the year ended 30 June 2020.

DIRECTORS

The names and particulars of the Directors of the Company in office during the financial year and up to the date of this report were as follows. Directors were in office for the entire year unless otherwise stated.

Christopher Cairns

B.Sc (Hons)

Executive Chairman & Managing Director (Appointed 23 May 2006, appointed Chairman 14 September 2018)

Mr Christopher Cairns completed a First Class Honours degree in Economic Geology from the University of Canberra in 1992. Mr Cairns has extensive experience having worked for:

- BHP Minerals as Exploration Geologist / Supervising Geologist in Queensland and the Philippines
- Aurora Gold as Exploration Manager at the Mt Muro Gold Mine in Borneo
- LionOre as Supervising Geologist for the Thunderbox Gold Mine and Emily Anne Nickel Mine drill outs
- Sino Gold as Geology Manager responsible for the Jinfeng Gold Deposit feasibility drillout and was responsible for the discovery of the stratabound gold mineralisation taking the deposit from 1.5Moz to 3.5Moz in 14 months.

Mr Cairns joined Integra Mining Limited in March 2004 and as Managing Director oversaw the discovery of three gold deposits, the funding and construction of a new processing facility east of Kalgoorlie transforming the company from explorer to gold producer with first gold poured in September 2010. In 2008 Integra was awarded the Australian Explorer of the Year by Resources Stocks Magazine and in 2011 was awarded Gold Miner of the Year by Paydirt Magazine and the Gold Mining Journal.

In January 2013, Integra was taken over by Silver Lake Resources Limited for \$426 million (at time of bid) at which time Mr Cairns resigned along with the whole Integra Board after having successfully recommended shareholders accept the Silver Lake offer.

Mr Cairns is a member of the Australian Institute of Geoscientists, a member of the JORC Committee and Chairman of the Australian Prospectors and Miners Hall of Fame.

Other directorships of listed companies in the last three years: None.

Jennifer Murphy

B.Sc(Hons), M.Sc

Executive Technical Director (Appointed 8 March 2013)

Ms Jennifer Murphy completed a First Class Honours Degree in Geology in 1989, and subsequently a Master of Science Degree in 1993 at the University of Witwatersrand in South Africa. Ms Murphy joined Anglo American Corporation in 1993 as an exploration geologist working in Tanzania and Mali. In 1996, she immigrated to Australia and joined Normandy Mining Limited, working initially as a project geologist in the Eastern Goldfields and Murchison Greenstone Provinces and afterwards was responsible for the development and management of the GIS and administration of the exploration database.

Between 2004 and 2007, Ms Murphy provided contract geological services to a range of junior exploration companies. Ms Murphy joined Integra Mining Limited in 2007, initially as an administration geologist, and in 2010 the role was expanded to that of corporate geologist. In 2013 Ms Murphy joined Stavelly Minerals as part of the management team to provide technical and geological expertise. Ms Murphy is a member of the Australian Institute of Geoscientists and has a broad range of geological experience ranging from exploration program planning and implementation, GIS and database management, business development, technical and statutory, and ASX reporting, as well as corporate research and analysis and investor liaison.

Ms Murphy is a member of the Company's Audit and Risk Committee.

Other directorships of listed companies in the last three years: None.

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Peter Ironside

B.Com, CA

Non Executive Director (Appointed 23 May 2006)

Mr Peter Ironside has a Bachelor of Commerce Degree and is a Chartered Accountant and business consultant with over 30 years' experience in the exploration and mining industry. Mr Ironside has a significant level of accounting, financial compliance and corporate governance experience including corporate initiatives and capital raisings. Mr Ironside has been a Director and/or Company Secretary of several ASX listed companies including Integra Mining Limited and Extract Resources Limited (before \$2.18Bn takeover) and is currently a non-executive director of Zamanco Minerals Limited.

Mr Ironside is Chair of the Company's Audit and Risk Committee.

Other directorships of listed companies in the last three years:

Zamanco Minerals Limited (current) (*removed from the Official List of ASX on 26 September 2019*).

Amanda Sparks

B.Bus, CA, F.Fin

Non Executive Director (Appointed 14 September 2018) and Company Secretary (Appointed 7 November 2013)

Ms Amanda Sparks is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia.

Ms Sparks has over 30 years of resources related financial experience, both with explorers and producers. Amanda brings a range of important skills to the Board with her extensive experience in financial management, corporate governance and compliance for listed companies.

Ms Sparks is a member of the Company's Audit and Risk Committee.

Other directorships of listed companies in the last three years: None.

MEETINGS OF DIRECTORS

During the financial year, 8 meetings of directors were held. The number of meetings attended by each director during the year is as follows:

	Board of Directors		Audit and Risk Committee	
	Meetings Held**	Meetings Attended	Meetings Held**	Meetings Attended
C Cairns	8	8	*	*
J Murphy	8	8	2	2
P Ironside	8	8	2	2
A Sparks	8	8	2	2

* Not a member of the Audit and Risk Committee

** Number of meetings held where the Director was a member of the Board or Committee.

In addition to formal Board meetings, the Directors work in the same office and hold discussions on a regular basis.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The following table sets out each director's relevant interest in shares and options in shares of the Company as at the date of this report.

Name of Director	Number of Shares (direct and indirect)	Number of Unlisted Options at \$1.47, expiry 30/11/2022
C Cairns	8,032,268	750,000
J Murphy	5,146,705	550,000
P Ironside	31,887,982	375,000
A Sparks	2,171,206	375,000

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DIVIDENDS

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

ENVIRONMENTAL REGULATIONS

The Group's environmental obligations are regulated by the laws of Australia. The Group has a policy to either meet or where possible, exceed its environmental obligations. No environmental breaches have been notified by any governmental agency as at the date of this report.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

CORPORATE INFORMATION

Corporate Structure

Stavely Minerals Limited is a limited liability company that is incorporated and domiciled in Australia. Stavely Minerals Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Stavely Minerals Limited	-	parent entity
Ukalunda Pty Ltd	-	100% owned controlled entity
Van Diemens Gold Limited (formerly Stavely Tasmania Holdings Pty Ltd)	-	100% owned controlled entity
Stavely Tasmania Operations Pty Ltd	-	100% owned controlled entity
Stavely Tasmania Pty Ltd	-	100% owned controlled entity

Principal Activity

The Group's principal activity was mineral exploration for the year ended 30 June 2020. There were no significant changes in the nature of the principal activities during the year.

Operations review

Refer to the Operations Review on pages 4 to 36.

Summary of Financial Position, Asset Transactions and Corporate Activities

A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	Year 30 June 2020	Year 30 June 2019
	\$	\$
Cash and cash equivalents held at year end	9,424,932	2,875,862
Net loss for the year after tax	(15,306,220)	(9,012,511)
Included in loss for the year:		
Exploration costs	(12,560,283)	(6,700,678)
Equity-based payments	(1,338,930)	(1,172,406)
Basic loss per share (cents) from continuing operations	(7.48)	(5.65)
Net cash used in operating activities	(11,332,767)	(7,336,529)
Net cash used in investing activities	(346,387)	(364,225)
Net cash from financing activities	18,228,224	4,017,574

During the year:

- On 18 October 2019, Stavely issued 19,610,000 shares at \$1.00 per share pursuant to a placement to sophisticated and institutional investors. Gross proceeds were \$19,610,000.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year are detailed on pages 4 to 36 of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group anticipates to continue its exploration activities and consider corporate transactions to ensure further development of its tenements.

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REMUNERATION REPORT (AUDITED)

The Directors present the 2020 Remuneration Report, outlining key aspects of Stavely's remuneration policy and framework, together with remuneration awarded this year.

The report is structured as follows:

- A. Key management personnel (KMP) covered in this report
- B. Remuneration policy, link to performance and elements of remuneration
- C. Contractual arrangements of KMP remuneration
- D. Remuneration of key management personnel
- E. Equity holdings and movements during the year
- F. Other transactions with key management personnel
- G. Use of remuneration consultants
- H. Voting of shareholders at last year's annual general meeting

A. KEY MANAGEMENT PERSONNEL (KMP) COVERED IN THIS REPORT

For the purposes of this report key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise).

Key Management Personnel during the Year

Non-Executive Directors

Peter Ironside	–	Director (from 23 May 2006)
Amanda Sparks	–	Director (from 14 September 2018)

Executive Directors

Christopher Cairns	–	Executive Chairman and Managing Director (from 23 May 2006, Chairman from 14 September 2018)
Jennifer Murphy	–	Technical Director (from 8 March 2013)

B. REMUNERATION POLICY, LINK TO PERFORMANCE AND ELEMENTS OF REMUNERATION

Remuneration Governance

The Board is responsible for ensuring that the Company's remuneration structures are aligned with the long-term interests of Stavely and its shareholders.

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web. The Board has adopted the following policies for Directors' and executives' remuneration.

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Remuneration Philosophy

The performance of the Group depends upon the quality of its Directors and Executives. To prosper, the Group must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Executives;
- link Executive rewards to shareholder value; and
- in the future, will establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-Executive directors' remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules. The option incentive portion is targeted to add to shareholder value by having a strike price considerably greater than the market price at the time of granting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-executive Directors when undertaking the annual review process.

Executive Director Remuneration

Objective

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward Executives for company, and individual performance;
- ensure continued availability of experienced and effective management; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Fixed Remuneration - Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Group and individual performance, and relevant comparative remuneration in the market. As noted above, the Board may engage an external consultant to provide independent advice.

Fixed Remuneration - Structure

The fixed remuneration is a base salary or monthly consulting fee.

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Variable Pay - Long Term Incentives - Objective

The objective of long term incentives is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the Executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Group's business and financial performance and thus to shareholder value.

Variable Pay — Long Term Incentives – Structure

Long term incentives granted to Executives are delivered in the form of options. The option incentives granted are aimed to motivate Executives to pursue the long term growth and success of the Group within an appropriate control framework and demonstrate a clear relationship between key Executive performance and remuneration. Director options are granted at the discretion of the Board and approved by shareholders. Other key management employees may be granted options. Performance hurdles are not attached to vesting periods; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

During the year, no performance related cash payments were made.

C. CONTRACTUAL ARRANGEMENTS OF KMP REMUNERATION

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the executive directors and the other key management personnel are also formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below.

Director Name	Term of agreement	Base annual salary exclusive of statutory superannuation at 30/6/2020	Termination benefit
Christopher Cairns	Commenced 22/1/2014 (varied effective 1/11/2017 & 31/12/2019)	\$300,000	12 months
Jennifer Murphy	Commenced 22/1/2014 (varied effective 1/11/2017, 15/10/2018 & 31/12/2019)	\$220,000	12 months
Peter Ironside	Ongoing, subject to re-elections	\$50,000	None
Amanda Sparks	Ongoing, subject to re-elections	\$100,000	None

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D. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the remuneration of each key management personnel of the Group, including their personally-related entities, during the year were as follows:

	Year	Cash salary, directors fees, consulting fees, insurances and movement in annual leave provisions \$	Post Employment	Total Cash and Provisions \$	Share Based	Total including share based payments \$
			Superannuation and movement in long service leave provisions \$		Options ⁽¹⁾ \$	
Directors						
W Plyley*	2020	-	-	-	-	-
	2019	95,833	11,057	106,890	112,371	219,261
C Cairns	2020	380,334	32,963	413,297	371,925	785,222
	2019	198,580	19,000	217,580	224,742	442,322
J Murphy	2020	271,447	27,253	298,700	272,745	571,445
	2019	141,519	13,537	155,056	164,811	319,867
P Ironside	2020	43,000	4,085	47,085	185,963	233,048
	2019	28,700	2,726	31,426	112,371	143,797
A Sparks**	2020	68,000	6,460	74,460	185,963	260,423
	2019	53,500	2,726	56,226	112,371	168,597
TOTAL	2020	762,781	70,761	833,542	1,016,596	1,850,138
	2019	518,132	49,046	567,178	726,666	1,293,844

⁽¹⁾ Equity based payments – options. These represent the amount expensed for options granted and vested in the year with an exercise price of \$1.47 (2019: \$0.36).

* Ceased as a director on 20 November 2018

** Appointed as director on 14 September 2018. Remuneration includes director and company secretarial fees.

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options; however, the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

Share-based Compensation

During the year, the following options were granted as equity compensation benefits to Directors and other Key Management Personnel. These options vested at grant date.

2020	Number of Options at \$1.47, expiry 30/11/2022	Value* per option at grant date \$
Directors		
C Cairns	750,000	0.4959
J Murphy	550,000	0.4959
P Ironside	375,000	0.4959
A Sparks	375,000	0.4959

These options were granted to recognise the contribution made by the Directors, and to acknowledge that the cash remuneration paid to Directors is low. These options also provide an incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors, which adds value for Shareholders. By offering these incentives in the form of options, rather than cash, the Company can maximise the availability of cash for the Company's future exploration activities. The options also provide a retention incentive to all Directors. Issue of these Director options were approved by Shareholders at the Company's Annual General Meeting held on 29 November 2019.

* Value at grant date has been calculated in accordance with AASB 2 *Share-based Payment*. Stavelly used a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend

yield and the risk-free interest rate for the term of the option. Further details are in note 3 of the financial statements.

Shares issued to Key Management Personnel on exercise of compensation options

On 5 August 2019, 5,225,000 options were exercised by Directors using the cashless exercise mechanism as part of Stavely's Employee Incentive Plan. On exercise of the options, the Company issued 1,495,391 shares. The number of shares was determined by the value calculated between the market price of the shares (based on a VWAP for the 5 trading days prior to the exercise date) of 29.42 cents and the exercise price of 21 cents in relation to the options.

On 15 October 2019, 8,200,000 options were exercised by Directors using the cashless exercise mechanism as part of Stavely's Employee Incentive Plan. On exercise of the options, the Company issued 5,859,742 shares. The number of shares was determined by the value calculated between the market price of the shares (based on a VWAP for the 5 trading days prior to the exercise date) of \$1.2614 and the exercise price of 36 cents in relation to the options.

E. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR

(a) Shareholdings of Key Management Personnel

30 June 2020	Balance at beginning of the year	Increase from Exercise of Options	Other Net change during the year	Balance at end of the year
Directors				
C Cairns	15,672,961	2,859,307	(9,300,000)	9,232,268
J Murphy	4,259,420	2,087,285	(400,000)	5,946,705
P Ironside	30,730,219	1,157,763	-	31,887,982
A Sparks	920,428	1,250,778	-	2,171,206
	51,583,028	7,355,133	(9,700,000)	49,238,161

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arms-length.

(b) Option holdings of Key Management Personnel

30 June 2019	Balance at beginning of the year	Granted as remuneration	Exercised during the year	Balance at end of the year	Exercisable
Directors					
C Cairns	5,500,000	750,000	(5,500,000)	750,000	750,000
J Murphy	4,000,000	550,000	(4,000,000)	550,000	550,000
P Ironside	1,800,000	375,000	(1,800,000)	375,000	375,000
A Sparks	2,125,000	375,000	(2,125,000)	375,000	375,000
	13,425,000	2,050,000	(13,425,000)	2,050,000	2,050,000

F. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Mr Peter Ironside, Director, is a shareholder and director of Ironside Pty Ltd. Ironside Pty Ltd is a shareholder of the 168 Stirling Highway Syndicate, the entity which owns the premises the Company occupies in Western Australia. During the year an amount of \$132,749 (net of GST) was paid/payable for office rental and variable outgoings (2019: \$131,250, net of GST).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of Zamanco Minerals Limited ("Zamanco"). Zamanco sub-leases office space in the premises the Company occupies. During the year an

amount of \$34,151 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2019: \$37,630, net of GST).

G. USE OF REMUNERATION CONSULTANTS

No remuneration consultants were engaged by the Company during the year.

H. VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING

The Company received 95.76% of 'yes' votes for its remuneration report for the 2019 financial year and did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Audited Remuneration Report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Number	Exercise Price	Expiry Date
Unlisted Options	2,700,000	\$1.47	30/11/2022

No option holder has any right under the options to participate in any other share issue of the Company or any other related entity.

7,050,000 unlisted employee/consultant options with an exercise price of 21 cents and 15,650,000 unlisted employee/consultant options with an exercise price of 36 cents were exercised during the year. Of the options exercised, 13,425,000 options were exercised by Key Management Personnel. (2019: 9,587,500 unlisted employee/consultant options with an exercise price of 19 cents were exercised. Of the options exercised, 7,075,000 options were exercised by Key Management Personnel).

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 22 April 2020, Stavely Minerals reached an agreement to purchase the existing 3% net smelter royalty (NSR) held by New Challenge Resources Pty Ltd on tenement RL 2017, which hosts the Thursday's Gossan prospect and other key prospects at the Stavely Copper-Gold Project in Victoria. The consideration was a cash payment of \$350,000 and the issue of 850,000 Stavely Minerals' shares at a deemed issued price of 40 cents per share. The cash payment of \$350,000 was paid to New Challenge Resources on 1 July 2020 and the shares issued on 9 July 2020.

In July 2020, a Letter of Intent (LoI) was executed to divest the Company's Mathinna/Alberston and Lefroy Goldfields tenements, as well as its Fosterville East tenement in Victoria, to Nubian Resources Ltd (TSX-V: NBR) ('Nubian') for A\$2.5 million in Nubian shares and cash.

The terms of the LoI are as follows:

- Nubian to pay a non-refundable deposit of A\$100,000 cash;
- A 60-day exclusivity period to complete final due diligence and execute a definitive agreement;
- Upon execution of the definitive agreement, Nubian will issue to Stavely Minerals a number of Nubian shares equivalent in value to A\$2.4 million based on the 5-trading day volume-weighted average price (VWAP) prior to the execution date, subject to a minimum issue of 5,050,000 Nubian shares to Stavely Minerals.

The consideration for the purchase is based on 100% ownership of the tenements. Stavely Minerals is in Joint Venture with Bestlevel Holdings Pty Ltd (Bestlevel), with Stavely Minerals currently holding a 75% interest in the three Mathinna JV tenements. The value of the Bestlevel 25% interest in the three Mathinna JV tenements equates to approximately A\$400,000 of Nubian shares to be issued to Bestlevel or its beneficial owners.

On 30 July 2020, Stavely issued 28,000,000 shares at an issue price of \$0.60 per share pursuant to the first tranche of a placement to sophisticated and institutional investors. Gross proceeds were \$16,800,000. The second Tranche of 13.67 million shares will be completed subject to shareholder approval at a general meeting to be held on 31 August 2020.

On 14 August 2020, Stavely issued 4,645,000 shares at an issue price of \$0.60 per share pursuant to a share purchase plan. Gross proceeds were \$2,787,000.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances that have arisen since 30 June 2020 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Stavely Minerals Limited support and adhere to the principles of corporate governance. Please refer to the Company's website for details of corporate governance policies: <https://www.stavely.com.au/corporate-governance>.

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

Auditor's independence - section 307C

The Auditor's Independence Declaration is included on page 48 of this report.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, BDO. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. BDO received, or are due to receive, the following amounts for the provision of non-audit services:

	2020	2019
Taxation services	\$19,766	\$19,375

Signed in accordance with a resolution of the Directors.



Christopher Cairns
Managing Director

Dated this 28th day of August 2020

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

As lead auditor of Stavely Minerals Limited for the year ended 30 June 2020, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 August 2020

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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1. In the opinion of the directors:
 - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

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



Christopher Cairns
Managing Director

Dated this 28th day of August 2020

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	Note	Consolidated	
		Year ended 30 June 2020	Year ended 30 June 2019
		\$	\$
Revenue and Income			
Interest revenue		135,366	69,299
Rental sub-lease revenue		34,151	37,630
Profit on sale of fixed assets		10,436	11,951
Government subsidies		50,000	-
		<u>229,953</u>	<u>118,880</u>
Expenses			
Administration and corporate expenses	2(a)	(1,614,475)	(1,258,307)
Administration – equity based expenses	3	(1,338,930)	(1,172,406)
Exploration expensed	2(b)	(12,560,283)	(6,700,678)
Interest expense	2(c)	(22,485)	-
Total expenses		<u>(15,536,173)</u>	<u>(9,131,391)</u>
Loss before income tax		(15,306,220)	(9,012,511)
Income tax expense	4	-	-
Loss after income tax attributable to members of Stavely Minerals Limited		(15,306,220)	(9,012,511)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year		(15,306,220)	(9,012,511)
Loss per share for the year attributable to the members of Stavely Minerals Limited			
Basic loss per share	5	<u>(7.48)</u>	<u>(5.65)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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	Note	Consolidated	
		30 June 2020	30 June 2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	9,424,932	2,875,862
Other receivables	7	469,527	2,022,727
Total Current Assets		9,894,459	4,898,589
Non-Current Assets			
Receivables	7	139,500	72,500
Right of use assets	8	212,956	-
Property, plant and equipment	9	184,226	157,588
Deferred exploration expenditure acquisition costs	10	4,099,719	3,006,057
Total Non-Current Assets		4,636,401	3,236,145
Total Assets		14,530,860	8,134,734
LIABILITIES			
Current Liabilities			
Trade and other payables	11	2,090,865	667,590
Lease liabilities – Right of use assets	8	79,239	-
Provisions	12	174,070	108,578
Total Current Liabilities		2,344,174	776,168
Non-Current Liabilities			
Lease liabilities – Right of use assets	8	182,546	-
Total Non-Current Liabilities		182,546	776,168
Total Liabilities		2,526,720	776,168
Net Assets		12,004,140	7,358,566
Equity			
Issued capital	13	50,033,910	31,711,470
Reserves	14	6,147,189	4,468,259
Accumulated losses		(44,176,959)	(28,821,163)
Total Equity		12,004,140	7,358,566

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2018	24,744,232	3,295,853	(19,808,652)	8,231,433
Loss for the year	-	-	(9,012,511)	(9,012,511)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(9,012,511)	(9,012,511)
Transactions with owners in their capacity as owners:				
Issue of share capital	7,258,183	-	-	7,258,183
Cost of issue of share capital	(290,945)	-	-	(290,945)
Share based payments	-	1,172,406	-	1,172,406
	6,967,238	1,172,406	-	8,139,644
As at 30 June 2019	31,711,470	4,468,259	(28,821,163)	7,358,566
At 1 July 2019	31,711,470	4,468,259	(28,821,163)	7,358,566
Change in Accounting Policy – refer note 1(c)	-	-	(49,576)	(49,576)
Restated Equity at the beginning of the year	31,711,470	4,468,259	(28,870,739)	7,308,990
Loss for the year	-	-	(15,306,220)	(15,306,220)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(15,306,220)	(15,306,220)
Transactions with owners in their capacity as owners:				
Issue of share capital	19,610,000	-	-	19,610,000
Cost of issue of share capital	(1,287,560)	-	-	(1,287,560)
Shares to be issued – refer note 14	-	340,000	-	340,000
Share based payments	-	1,338,930	-	1,338,930
	18,322,440	1,678,930	-	20,001,370
As at 30 June 2020	50,033,910	6,147,189	(44,176,959)	12,004,140

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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	Note	Consolidated	
		Year ended 30 June 2020	Year ended 30 June 2019
		\$	\$
Cash flows from operating activities			
Receipts in the ordinary course of activities (incl. GST)		1,319,805	867,993
Payments to suppliers and employees		(12,769,011)	(8,280,039)
Interest received		116,439	75,517
Net cash flows used in operating activities	6(i)	<u>(11,332,767)</u>	<u>(7,336,529)</u>
Cash flows from investing activities			
Payments for plant and equipment		(241,161)	(97,225)
Proceeds from disposal of plant and equipment		10,436	13,000
Payment for bonds		(57,000)	(30,000)
Payment for exploration acquisitions (capitalised)		(158,662)	-
Other – Beaconsfield Deposit		100,000	(250,000)
Net cash flows used in investing activities		<u>(346,387)</u>	<u>(364,225)</u>
Cash flows from financing activities			
Proceeds from issue of shares		19,610,000	4,308,519
Payment of share issue costs		(1,287,560)	(290,945)
Payment of lease liabilities (right of use assets)		(94,216)	-
Net cash flows from financing activities		<u>18,228,224</u>	<u>4,017,574</u>
Net (decrease)/increase in cash and cash equivalents held		6,549,070	(3,683,179)
Add opening cash and cash equivalents brought forward		<u>2,875,862</u>	<u>6,559,041</u>
Closing cash and cash equivalents carried forward	6	<u>9,424,932</u>	<u>2,875,862</u>

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars, which is the Group’s functional and presentation currency.

Stavelly Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report of Stavelly Minerals Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 28 August 2020.

(b) Statement of Compliance

These financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(c) Adoption of New and Revised Standards and Change in Accounting Standards

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2019.

New and amended standards adopted by the Group

The Group has adopted the following new accounting policy for the current reporting period:

- AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases for annual periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short term leases’), and lease contracts for which the underlying asset is low value (‘low-value assets’).

The effect of adopting AASB 16 as at 1 July 2019 is as follows:

	\$
Non-Current Assets	
Right of use assets	283,940
Total Assets	<u>283,940</u>
Current Liabilities	
Lease liabilities – Right of use assets	71,731
Non-Current Liabilities	
Lease liabilities – Right of use assets	261,785
Total Liabilities	<u>333,516</u>

The net impact on accumulated losses was a decrease of \$49,576.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:

	\$
Operating lease commitments as at 30 June 2019 – note 15 of the Annual Financial Report	116,765
Less: Leases not considered right of use assets	(22,553)
Add: Option to extend Nedlands office lease	292,947
Operating Lease Commitments of Nedlands office premises as at 30 June 2019	387,159
Discounted operating lease commitments of Nedlands office premises at 1 July 2019	333,516

Nature of the effect of adoption of AASB 16

The Group has several property lease contracts. Rental contracts for residential premises in Ararat, Victoria are typically for 12 months. The rental contract for office premises in Nedlands, WA was entered into in November 2014 for three years, and has two extension terms of three years each. Before the adoption of AASB 16, the Group classified its property leases as an operating lease as it did not transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the Group. The leased properties were not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised a right-of-use asset and lease liability for the office property lease previously classified as an operating lease. The right-of-use asset was recognised based on the amount equal to the lease liability at the initial application date. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients, where applicable, wherein it:

- Recognised lease liabilities based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term lease exemptions to leases with a term that ends within 12 months at the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application:

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less and lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (ie: those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under its property lease, to lease the property for an additional term of 3 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Group included the renewal period as part of the lease term for the property lease due to being reasonably certain that the lease property will continue to suit the Group's occupation needs at time of the extension option is able to be exercised.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

New Accounting Standards and Interpretations not yet mandatory or early adopted by the Group

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

There are no other material new or amended standards not yet adopted by the Group.

(d) Significant Accounting Estimates and Judgments

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Currently there is no significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

Deferred Exploration Expenditure Acquisition Costs

The Group capitalises acquisition expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since exploration activities in such areas have not yet concluded.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(e) Basis of Consolidation and Business Combinations

The consolidated financial statements comprise the financial statements of Stavely Minerals limited (“Company” or “Parent Entity”) and its subsidiaries as at 30 June each year (the Group). Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange, adjusted for any conditions imposed on those shares. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

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	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$

NOTE 2 - EXPENSES

(a) Administration and Corporate Expenses

Administration and corporate expenses include:

Depreciation - administration	23,105	7,500
Depreciation – right of use assets	70,984	-
Office premises expenses	40,786	127,644
Personnel costs – administration and corporate	1,006,080	703,856
Other administration and corporate expenses	473,520	419,307
	1,614,475	1,258,307
Equity based payments expense – refer note 3	1,338,930	1,172,406
	2,953,405	2,430,713

(b) Exploration Costs Expensed

Exploration costs expensed include:

Depreciation - exploration	191,418	59,693
Exploration drilling – non-cash - refer note 13	1,347,550	1,602,114
Other exploration costs expensed	11,121,315	5,147,080
Government Co-Funding for exploration	(100,000)	(108,209)
	12,560,283	6,700,678

(c) Interest Expensed

Interest on right of use assets	22,485	-
	22,485	-

NOTE 3 – EQUITY-BASED PAYMENTS (Recognised as Remuneration Expenses)

Equity settled transactions:

The Group provides benefits to executive directors, employees and consultants of the Group in the form of share based payments, whereby those individuals render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Stavely Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the grant date fair value of the award;
- (ii) the extent to which the vesting period has expired; and
- (iii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest taking into account such factors as the likelihood of non-market performance conditions being met.

This opinion is formed based on the best available information at reporting date .

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

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NOTE 3 – EQUITY-BASED PAYMENTS (Recognised as Remuneration Expenses) – continued

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is forfeited, any expense previously recognised for the award is reversed. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(a) Value of equity based payments in the financial statements

	30 June 2020	30 June 2019
	\$	\$
Expensed in the profit or loss:		
Equity-based payments- options	1,338,930	1,172,406

(b) Summary of equity-based payments granted during the year:

Granted to key management personnel and consultants as equity compensation:

Grant Date	Number of Options	Terms	
2019/2020			
3/12/2019	2,700,000	Expire 30/11/2022 at \$1.47 exercise price	- 650,000 granted to employees and consultants as incentives. - 2,050,000 granted to Directors as approved by Shareholders at the AGM held on 29/11/2019.
2018/2019			
6/12/2018	15,650,000	Expire 31/12/2019 at 36c exercise price	- 5,950,000 granted to employees and consultants as incentives. - 9,700,000 granted to Directors as approved by Shareholders at the AGM held on 28/11/2018.

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Grant date	3/12/2019
Option exercise price (\$)	1.47
Expected life of options (years)	3.00
Dividend yield (%)	-
Expected volatility (%)	93.38
Risk-free interest rate (%)	0.69
Underlying share price (\$)	0.99
Value of Option (\$)	0.4959
Vesting Conditions	None

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

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NOTE 3 – EQUITY-BASED PAYMENTS (Recognised as Remuneration Expenses) – continued

(c) Weighted average fair value

The weighted average fair value of equity-based payment options granted during the year was \$0.4959 (2019: \$0.0749).

(d) Range of exercise price

The range of exercise price for options granted as share based payments outstanding at the end of the year was \$1.47 (2019: \$0.21 to \$0.36).

(e) Weighted average remaining contractual life

The weighted average remaining contractual life of share based payment options that were outstanding as at the end of the year was 3.00 years (2019: 0.81 years).

(f) Weighted average exercise price

The following table shows the number and weighted average exercise price (“WAEP”) of share options granted as share based payments.

	12 Months to 30 June 2020 Number	12 Months to 30 June 2020 WAEP \$	12 Months to 30 June 2019 Number	12 Months to 30 June 2019 WAEP \$
Outstanding at the beginning of year	22,700,000	0.31	16,637,500	0.20
Granted during the year	2,700,000	1.47	15,650,000	0.36
Exercised during the year	(22,700,000)	0.31	(9,587,500)	0.19
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	<u>2,700,000</u>	<u>1.47</u>	<u>22,700,000</u>	<u>0.31</u>
Exercisable at year end	2,700,000	1.47	22,700,000	0.31

The weighted average share price for options exercised during the year was \$0.31 (2019: \$0.19).

NOTE 4 - INCOME TAX EXPENSE

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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NOTE 4 - INCOME TAX EXPENSE - continued

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
(a) Income Tax Expense		
The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Loss for year	(15,306,220)	(9,012,511)
Prima facie income tax (benefit) @ 30% (2019: 30%)	(4,591,866)	(2,703,753)
Tax effect of non-deductible items	404,513	354,551
Net deferred tax assets not brought to account	4,187,353	2,349,202
Income tax attributable to operating loss	-	-
(b) Net deferred tax assets not recognised relate to the following:		
DTA - Tax losses	11,483,545	7,001,724
DTL - Other Timing Differences, net	(150,534)	(112,992)
	11,333,011	6,888,732

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NOTE 4 - INCOME TAX EXPENSE - continued

These deferred tax assets have not been brought to account as it is not probable that tax profits will be available against which deductible temporary differences can be utilised.

Tax Consolidation

The Company and its 100% owned subsidiaries have formed a tax consolidated group. Under the tax consolidation regime, all members of a tax consolidated group are jointly and severally liable for the tax consolidated group's income tax liabilities. The head entity of the tax consolidated group is Stavelly Minerals Limited.

(c) Franking Credits

The franking account balance at year end was \$nil (2019: \$nil).

NOTE 5 - EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	Year ended 30 June 2020	Year ended 30 June 2019
	Cents	Cents
Basic loss per share	(7.48)	(5.65)
	\$	\$
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	(15,306,220)	(9,012,511)
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	204,547,955	159,399,340

For the year ended 30 June 2020, diluted earnings per share was not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

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NOTE 6 - CASH AND CASH EQUIVALENTS

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as described above.

	Year ended 30 June 2020	Year ended 30 June 2019
	\$	\$
Cash at bank and on hand	9,424,932	2,875,862
(i) Reconciliation of loss for the period to net cash flows used in operating activities		
Loss after income tax	(15,306,220)	(9,012,511)
Adjustments to reconcile profit before tax to net operating cash flows:		
Depreciation	214,523	67,193
Depreciation – Right of Use Assets	70,984	-
Gain on disposal of property, plant and equipment	(10,436)	(11,951)
Share based payments expensed - options	1,338,930	1,172,406
Exploration drilling – non-cash*	1,347,550	1,602,114
Change in assets and liabilities:		
(Increase)/decrease in receivables	124,577	(133,166)
Increase/(decrease) in payables	799,348	(1,064,884)
Increase/(decrease) in provisions	87,977	44,270
Net cash flows used in operating activities	(11,332,767)	(7,336,529)

* During the year ended 30 June 2019, 3,026,026 shares (\$865,306) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd, 272,123 shares (\$84,358) were issued to Titeline Drilling Pty Ltd outside of the Subscription Agreement in payment of the balance of drilling services rendered and 7,692,308 shares were issued to Titeline Drilling Pty Ltd as a prepayment of \$2,000,000 for drilling services to be utilised over 12 months to April 2020. As at 30 June 2020, the remaining balance of \$1,347,550 had been utilised (30 June 2019: \$652,450 utilised). Refer to note 13.

(ii) Non-Cash Financing and Investing Activities

As a result of adopting AASB 16 effective 1 July 2019, right of use lease asset additions for the year amounted to \$283,940 (refer note 1(c)). There were no other non-cash financing and investing activities were undertaken during the year (2019: none).

NOTE 7 – TRADE AND OTHER RECEIVABLES

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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NOTE 7 – TRADE AND OTHER RECEIVABLES - continued

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

	30 June 2020	30 June 2019
	\$	\$
Current		
GST refundable	373,983	372,330
Bonds – credit card	40,000	40,000
Prepaid drilling services (refer note 13b)	-	1,347,550
Deposit for Beaconsfield Assets	-	250,000
Other	55,544	12,847
Total current receivables	<u>469,527</u>	<u>2,022,727</u>
Non-Current		
Cash on deposit - security bonds	<u>139,500</u>	<u>72,500</u>

Fair Value and Risk Exposures – all above excluding the Deposit for Beaconsfield Assets:

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Details regarding interest rate risk exposure are disclosed in note 19.
- (iv) Other current receivables generally have repayments between 30 and 90 days.

Receivables do not contain past due or impaired assets as at 30 June 2020 (2019: none).

NOTE 8 – RIGHT OF USE ASSETS AND LIABILITIES

Refer to Note 1(c) for Stavely's accounting policy for Right of use assets and corresponding lease liabilities.

	30 June 2020	30 June 2019
	\$	\$
Non-Current Assets		
Right of use assets - properties	<u>212,956</u>	-
Lease Liabilities		
Current	79,239	-
Non-Current	182,546	-
	<u>261,785</u>	-

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	- 0 to 4 years
Motor vehicles	- 3 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

	30 June 2020	30 June 2019
	\$	\$
Motor vehicles- at cost	125,888	95,650
Less: Accumulated depreciation	(113,445)	(67,721)
	<u>12,443</u>	<u>27,929</u>
Plant and equipment - at cost	532,981	350,330
Less: Accumulated depreciation	(361,198)	(220,671)
	<u>171,783</u>	<u>129,659</u>
Total property, plant and equipment	<u>184,226</u>	<u>157,588</u>
<i>Reconciliation of property, plant and equipment:</i>		
Motor Vehicles		
Carrying amount at beginning of year	27,929	48,142
Additions	58,510	-
Depreciation	(73,996)	(20,213)
Carrying amount at end of year	<u>12,443</u>	<u>27,929</u>
Plant and Equipment		
Carrying amount at beginning of year	129,659	80,463
Additions	182,651	97,225
Disposals	-	(1,049)
Depreciation	(140,527)	(46,980)
Carrying amount at end of year	<u>171,783</u>	<u>129,659</u>

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NOTE 10 - DEFERRED EXPLORATION EXPENDITURE ACQUISITION COSTS

Exploration expenditure is expensed to the statement of profit or loss and other comprehensive income as and when it is incurred and included as part of cash flows from operating activities. Exploration costs are only capitalised to the statement of financial position if they result from an acquisition. Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

	30 June 2020	30 June 2019
	\$	\$
Deferred exploration acquisition costs brought forward	3,006,057	3,006,057
Capitalised acquisition expenditure incurred during the year*	1,093,662	-
Deferred exploration acquisition costs carried forward	4,099,719	3,006,057

* Includes \$690,000 consideration to be paid for the purchase on 22 April 2020 of the 3% net smelter royalty on tenement RL 2017, which hosts the Thursday's Gossan prospect and other prospects in Victoria. The consideration is cash of \$350,000 and 850,000 Stavely Minerals' shares at a deemed issue price of 40 cents per share (\$340,000). The cash was paid on 1 July 2020 and the shares issued on 9 July 2020.

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

NOTE 11 - TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

	30 June 2020	30 June 2019
	\$	\$
Trade creditors	1,353,702	488,018
Accruals	387,163	179,572
	1,740,865	667,590

Fair Value and Risk Exposures

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured and usually paid within 60 days of recognition.

NOTE 12 – PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(i) *Wages, salaries and, annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave and expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Other long-term employee benefit obligations*

The liability for long service leave and annual leave not expected to be settled wholly within 12 months of the reporting date are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities if the Group does not have an unconditional right to defer settlement for at least 12 months of the reporting date, regardless of when actual settlement is expected to occur.

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NOTE 12 – PROVISIONS - continued

	30 June 2020	30 June 2019
	\$	\$
Current		
Employee entitlements	174,070	108,578

NOTE 13 – ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	30 June 2020	30 June 2019
	\$	\$
(a) Issued Capital		
213,799,785 (2019: 181,236,479) ordinary shares fully paid	50,033,910	31,711,470

(b) Movements in Ordinary Share Capital

149,868,317	Opening balance at 1 July 2018	24,744,232
500,000	Issue of shares – Share Subscription Agreement 19 July 2018	140,500
1,290,323	Issue of shares – Share Subscription Agreement 6 September 2018	400,000
3,806,394	Issue of shares – Exercise of Unlisted Employee/Consultant Options 20 October 2018	-
572,271	Issue of shares – Share Subscription Agreement 14 November 2018	154,513
436,681	Issue of shares – Share Subscription Agreement 22 January 2019	100,000
498,874	Issue of shares – Share Subscription Agreement and additional issue for drilling services 22 March 2019	154,651
12,307,767	Issue of shares – Placement 17 April 2019	3,200,019
7,692,308	Issue of shares – Advance payment of drilling services 17 April 2019	2,000,000
4,263,544	Issue of shares – Share Purchase Plan 10 May 2019	1,108,500
	Costs of equity issues	(290,945)
181,236,479	Closing Balance at 30 June 2019	31,711,470
181,236,479	Opening balance at 1 July 2019	31,711,470
2,017,701	Issue of shares – Exercise of Unlisted Employee/Consultant Options 5 August 2019	-
2,574,755	Issue of shares – Exercise of Unlisted Employee/Consultant Options 9 October 2019	-
8,360,850	Issue of shares – Exercise of Unlisted Employee/Consultant Options 18 October 2019	-
19,610,000	Issue of shares – Placement 18 October 2019	19,610,000
	Costs of equity issues	(1,287,560)
213,799,785	Closing Balance at 30 June 2020	50,033,910

Pre-payment of Drilling Services

During the previous year, on 17 April 2019, 7,692,308 ordinary shares at 26 cents were issued to Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust as a prepayment of \$2,000,000 for drilling services to be utilised over 12 months to April 2020. During the year, 5,182,887 shares (\$1,347,550) were released from escrow to pay for drilling services (2019: 2,509,421 shares (\$652,450)). No shares remained in escrow as at 30 June 2020.

Placement

On 18 October 2019, Stavelly issued 19,610,000 shares at \$1.00 per share pursuant to a placement to sophisticated and institutional investors. Gross proceeds were \$19,610,000.

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NOTE 13 – ISSUED CAPITAL - continued

(c) Options on issue at 30 June 2020

	Number	Exercise Price	Expiry Date
Unlisted Options	<u>2,700,000</u>	\$1.47	30/11/2022

During the year:

- (i) 2,700,000 unlisted options were granted as share-based payments (2019: 15,650,000);
- (ii) No unlisted options expired (2019: nil); and
- (iii) 7,050,000 unlisted employee/consultant options with an exercise price of 21 cents and 15,650,000 unlisted employee/consultant options with an exercise price of 36 cents were exercised during the year. Of the options exercised, 13,425,000 options were exercised by Key Management Personnel. 12,953,306 shares were issued following the conversion of these unlisted options via the 'cashless exercise' mechanism as part of Stavely's Employee Incentive Plan. On exercise of the options, the Company issued the number of shares equal in value to the difference between the market price of the shares (based on a VWAP for the 5 trading days prior to the exercise date) and the exercise price otherwise payable in relation to the options. (2019: 9,587,500 unlisted employee/consultant options with an exercise price of 19 cents were exercised. Of the options exercised, 7,075,000 options were exercised by Key Management Personnel).

(d) Terms and conditions of issued capital

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintains optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next year.

NOTE 14 - RESERVES

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

	30 June 2020	30 June 2019
	\$	\$
Equity-based payments reserve		
Balance at the beginning of the year	4,468,259	3,295,853
Equity-based payments expense	1,338,930	1,172,406
Balance at the end of the year	<u>5,807,189</u>	<u>4,468,259</u>
Other reserve		
Balance at the beginning of the year	-	-
Shares to be issued – refer note 10	340,000	-
Balance at the end of the year	<u>340,000</u>	<u>-</u>
Total Reserves	<u>6,147,189</u>	<u>4,468,259</u>

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NOTE 14 – RESERVES - continued

Nature and purpose of the reserves:

The Equity-based payments reserve is used to recognise the fair value of options granted. The Other reserve amounts relating to shares to be issued in relation to the agreement to purchase the existing 3% net smelter on tenement RL 2017. Refer to note 10.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

	30 June 2020	30 June 2019
	\$	\$
(a) Operating leases (non-cancellable):		
Within one year	32,266	114,312
More than one year but not later than five years	-	2,453
	32,266	116,765

These non-cancellable operating leases are primarily for residential premises at site and a ground lease.

(b) Exploration Commitments

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

	30 June 2020	30 June 2019
	\$	\$
Tenement Expenditure Commitments:		
The Group is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2020/2021. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations.	4,871,357	1,108,000

(c) Contingencies

Farm-In Agreement – Mathinna Gold Project, Tasmania

Stavely's wholly owned subsidiary, Stavely Tasmania Pty Ltd (Stavely Tasmania) has a Farm-in agreement with Bestlevel Holdings Pty Ltd (Bestlevel). The main terms of the Farm-in agreement are:

- Stavely Tasmania is the manager.
- Upon the grant of the tenements, Stavely Tasmania Pty Ltd will have a 51% interest in the tenement(s) and Bestlevel will have a 49% interest.
- In consideration for a \$50,000 payment to Bestlevel, Stavely Tasmania has the right to earn an interest of up to 85% in the tenement(s) in the following stages:
 - Exploration-related expenditure of \$500,000 within a two-year period to earn an additional interest of 24% (to 75%); and
 - At completion of a Feasibility Study and payment of \$200,000 to Bestlevel, Stavely Tasmania may earn an additional 10% interest (to 85%).
- Subject to Stavely Tasmania having earned its 85% interest, a Joint Venture will be formed and subsequent expenditure will be on a 'contribute or dilute' basis.
- Should Bestlevel's interest fall below 5%, it will be transferred to Stavely Tasmania in consideration for a 1.5% net smelter return (NSR).

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NOTE 15 – COMMITMENTS AND CONTINGENCIES – continued

- Stavelly Tasmania retains a right to purchase Bestlevel’s NSR for payment of \$250,000 per 0.5% NSR to a maximum of \$750,000 to acquire the entire NSR.
- Should the Joint Venture announce in a JORC-compliant Public Report an Ore Reserve in excess of 500,000oz, Stavelly Tasmania will pay Bestlevel \$500,000.
- Both parties have pre-emptive rights over the other’s interest.

Stavelly has paid the \$50,000 payment referred to above, and has expended the in excess of \$500,000, to earn a 75% interest in the Project as at year end.

The Group had no other contingent liabilities at year end.

NOTE 16 – RELATED PARTIES

(a) Compensation of Key Management Personnel

	30 June 2020	30 June 2019
	\$	\$
Short-term employment benefits	762,781	518,132
Post-employment benefits	70,761	49,046
Equity-based payment	1,016,596	726,666
	1,850,138	1,293,844

(b) Other transactions and balances with Key Management Personnel

Other Transactions with Key Management Personnel

Mr Peter Ironside, Director, is a shareholder and director of Ironside Pty Ltd. Ironside Pty Ltd is a shareholder of the 168 Stirling Highway Syndicate, the entity which owns the premises the Company occupies in Western Australia. During the year an amount of \$132,749 (net of GST) was paid/payable for office rental and variable outgoings (2019: \$131,250, net of GST).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of Zamanco Minerals Limited (“Zamanco”). Zamanco sub-leases office space in the premises the Company occupies. During the year an amount of \$34,151 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2019: \$37,630, net of GST).

(c) Transactions with Other Related Parties

There were no transactions with other related parties (2019: none).

	30 June 2020	30 June 2019
	\$	\$
NOTE 17 – AUDITOR’S REMUNERATION		
Amount received or due and receivable by the auditor for:		
Auditing the financial statements, including audit review - current year audits	40,850	34,483
Other services – taxation and corporate advisory	19,766	19,375
Total remuneration of auditors	60,616	53,858

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NOTE 18 – SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial Statements.

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.

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NOTE 19 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

The Group's principal financial instrument comprises cash. The main purpose of this financial instrument is to provide working capital for the Group's operations.

The Group has various other financial instruments such as sundry debtors, security bonds and trade creditors, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments is interest rate risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

Interest rate risk

At reporting date the Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and bonds. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	30 June 2020	30 June 2019
	\$	\$
<i>Financial Assets:</i>		
Cash and cash equivalents - interest bearing	9,210,894	2,797,232
Trade and other receivables – bonds & deposits	83,058	331,320
	<hr/>	<hr/>
Net exposure	9,293,952	3,128,552
	<hr/>	<hr/>

Sensitivity

At 30 June 2020, if interest rates had increased by 0.5% from the year end variable rates with all other variables held constant, post tax profit and equity for the Group would have been \$46,455 higher (2019: changes of 0.5% \$14,387 higher). The 0.5% (2019: 0.5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

Liquidity risk

The Group has no significant exposure to liquidity risk as there is effectively no debt. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of AA (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

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NOTE 20 – PARENT ENTITY INFORMATION

	Company	
	30 June 2020	30 June 2019
	\$	\$
Statement of Financial Position Information		
Current assets	9,791,514	4,877,227
Non-current assets	3,449,311	3,179,719
Current liabilities	(1,739,814)	(775,035)
Non-current liabilities	(182,546)	-
Net Assets	11,318,465	7,281,911
Issued capital	50,033,910	31,711,470
Reserves	5,807,189	4,468,259
Accumulated losses	(44,522,634)	(28,897,818)
	11,318,465	7,281,911
Profit or loss information		
Loss for the year	(15,575,239)	(9,057,033)
Comprehensive loss for the year	(15,575,239)	(9,057,033)

Commitments and contingencies

There are no commitments or contingencies, including any guarantees entered into by Stavely Minerals Limited on behalf of its subsidiaries.

Subsidiaries			30 June 2020	30 June 2019
Name of Controlled Entity	Class of Share	Place of Incorporation	% Held by Parent Entity	
Ukalunda Pty Ltd	Ordinary	Australia	100%	100%
Van Diemens Gold Limited (formerly Stavely Tasmania Holdings Pty Ltd)	Ordinary	Australia	100%	100%
Stavely Tasmania Operations Pty Ltd	Ordinary	Australia	100%	100%
Stavely Tasmania Pty Ltd	Ordinary	Australia	100%	100%

NOTE 21 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 22 April 2020, Stavely Minerals reached an agreement to purchase the existing 3% net smelter royalty (NSR) held by New Challenge Resources Pty Ltd on tenement RL 2017, which hosts the Thursday's Gossan prospect and other key prospects at the Stavely Copper-Gold Project in Victoria. The consideration was a cash payment of \$350,000 and the issue of 850,000 Stavely Minerals' shares at a deemed issued price of 40 cents per share. The cash payment of \$350,000 was paid to New Challenge Resources on 1 July 2020 and the shares issued on 9 July 2020.

In July 2020, a Letter of Intent (LoI) was executed to divest the Company's Mathinna/Alberton and Lefroy Goldfields tenements, as well as its Fosterville East tenement in Victoria, to Nubian Resources Ltd (TSX-V: NBR) ('Nubian') for A\$2.5 million in Nubian shares and cash.

The terms of the LoI are as follows:

- Nubian to pay a non-refundable deposit of A\$100,000 cash;
- A 60-day exclusivity period to complete final due diligence and execute a definitive agreement;
- Upon execution of the definitive agreement, Nubian will issue to Stavely Minerals a number of Nubian shares equivalent in value to A\$2.4 million based on the 5-trading day volume-weighted average price (VWAP) prior to the execution date, subject to a minimum issue of 5,050,000 Nubian shares to Stavely Minerals.

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NOTE 21 – EVENTS OCCURRING AFTER THE REPORTING PERIOD - continued

The consideration for the purchase is based on 100% ownership of the tenements. Stavely Minerals is in Joint Venture with Bestlevel Holdings Pty Ltd (Bestlevel), with Stavely Minerals currently holding a 75% interest in the three Mathinna JV tenements. The value of the Bestlevel 25% interest in the three Mathinna JV tenements equates to approximately A\$400,000 of Nubian shares to be issued to Bestlevel or its beneficial owners.

On 30 July 2020, Stavely issued 28,000,000 shares at an issue price of \$0.60 per share pursuant to the first tranche of a placement to sophisticated and institutional investors. Gross proceeds were \$16,800,000. The second Tranche of 13.67 million shares will be completed subject to shareholder approval at a general meeting to be held on 31 August 2020.

On 14 August 2020, Stavely issued 4,645,000 shares at an issue price of \$0.60 per share pursuant to a share purchase plan. Gross proceeds were \$2,787,000.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There are no other matters or circumstances that have arisen since 30 June 2020 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

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INDEPENDENT AUDITOR'S REPORT

To the members of Stavely Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stavely Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recoverability of deferred exploration expenditure

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 10 to the financial report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> (AASB 6), the recoverability of exploration and evaluation expenditure required significant judgement by management in determining whether there are any facts or circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 46 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Stavelly Minerals Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 28 August 2020

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Information as at 26 August 2020

a) Substantial Shareholders

Name	Number of Ordinary Shares per Notice given to Stavely Minerals Limited
Peter Reynold Ironside	31,887,982
Greenstone Property Pty Ltd and Associates	13,120,974

b) Shareholder Distribution Schedule

Size of Holding	Number of Shareholders
1 - 1,000	345
1,001 - 5,000	704
5,001 - 10,000	568
10,001 - 100,000	1,229
100,001 and over	287
Total	3,133
Number of shareholders holding less than a marketable parcel	253

c) Voting Rights

- (i) at meetings of members entitled to vote each member may vote in person or by proxy or attorney, or in the case of a member which is a body corporate, by representative duly appointed under section 250D;
- (ii) on a show of hands every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote;
- (iii) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is the holder and in the case of contributing shares until fully paid shall have voting rights pro rata to the amount paid up or credited as paid up on each such share; and
- (iv) a member shall not be entitled to vote at general meeting or be reckoned in a quorum in respect of any shares upon which any call or other sum presently payable by him is unpaid.

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d) Twenty largest shareholders:

Name	Number of Ordinary Shares	% of Issued Capital
1 Chaka Investments Pty Ltd	19,580,000	7.92
2 Citicorp Nominees Pty Limited	17,271,338	6.98
3 Greenstone Property Pty Ltd <Titeline Property A/C>	11,122,678	4.50
4 BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	8,322,723	3.36
5 HSBC Custody Nominees (Australia) Limited	7,756,530	3.14
6 National Nominees Limited	7,232,715	2.92
7 Ironside Pty Ltd <Ironside Family A/C>	6,592,621	2.67
8 Ironside Pty Ltd <The Ironside Super Fund A/C>	5,715,361	2.31
9 BNP Paribas Noms Pty Ltd <DRP>	5,030,568	2.03
10 Ms Jennifer Elaine Murphy	5,029,012	2.03
11 Ms Roslyn Theresa Cairns	4,400,000	1.78
12 Mr Christopher John Cairns	3,136,350	1.27
13 Ms Savannah Sydney Jackson	3,029,879	1.22
14 Goldwork Asset Pty Ltd <Cairns Family S/F A/C>	2,738,387	1.11
15 Ms Julie Ann Cairns	2,643,045	1.07
16 Mr Harle John Mossman	2,295,849	0.93
17 Goldwork Asset Pty Ltd <The Cairns Family A/C>	2,147,531	0.87
18 Michelle Maria Skinner	2,074,204	0.84
19 Fairall Holdings Pty Limited <Fairall Super Fund A/C>	2,000,000	0.81
20 Mr Daniel Robert Kertcher + Ms Julie Ann Cairns <Kertcher Super Fund A/C>	1,645,292	0.67
	119,764,083	48.43
Shares on issue at 26 August 2020	247,294,785	

e) Unlisted Options

Name	30/11/2022 \$1.47
<i>Directors:</i>	
C Cairns	750,000
J Murphy	550,000
P Ironside	375,000
A Sparks	375,000
<i>Others:</i>	
H Forgan	150,000
M Skinner	100,000
M Agnew	120,000
S Johnson	120,000
Q Te Tai	75,000
M Cairns	45,000
J Keable	20,000
J Shelton	20,000
	2,700,000

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Tenement Portfolio - Victoria

Tenements held by Stavely Minerals as at 30 June 2020 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km ²)
Stavely	RL 2017	8 May 2020	81
Stavely	EL 6870	30 October 2018	1027
Ararat	RL 2020	8 May 2020	28
Yarram Park	EL 5478	26 July 2013	26
Black Range JV*	EL 5425	18 December 2012	100

* 51% held by Stavely Minerals Limited, 49% by Black Range Metals Pty Ltd, a fully owned subsidiary of Navarre Minerals Limited.

Tenements held by Stavely Tasmania Pty Ltd as at 30 June 2020 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km ²)
Myola	EL006668	6 March 2018	83

Tenement Portfolio - Queensland

Tenements held by Ukalunda Pty Ltd as at 30 June 2020 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km ²)
Ravenswood West	EPM26041	24 May 2016	145
Ravenswood North	EPM26152	15 September 2016	32
Dreghorn	EPM26303	23 March 2017	30
Kirk North	EPM26304	23 March 2017	18

Tenement Portfolio - Tasmania

Tenements held by Stavely Tasmania Pty Ltd as at 30 June 2020 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km ²)
Mathinna	EL19/2018	20 July 2019	1
Mathinna	EL4/2019	22 August 2019	68
Mathinna	EL6/2019	27 January 2020	40
Mathinna	EL2/2015	28 May 2015	33
Lefroy	RL1/2011	23 April 2012	1
Lefroy	EL3/2015	8 January 2015	27
Lefroy	ELA6/2020	(30 January 2020)	0.05

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