



Finding the copper the world needs for a low-carbon future

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A photograph showing several large, polished copper pipes in the foreground, with solar panels visible in the background, suggesting a connection between copper and renewable energy.

**2021 Annual Report**

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**Directors**

Christopher Cairns (Executive Chairman & Managing Director)

Jennifer Murphy (Technical Director)

Peter Ironside (Non-Executive Director)

Amanda Sparks (Non-Executive Director)

Robert Dennis (Non-Executive Director)

**Company Secretary**

Amanda Sparks

**Registered and Principal Office**

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**Solicitors**

Steinepreis Paganin

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16 Milligan Street

Perth Western Australia 6000

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**Stock Exchange Listing**

ASX Limited

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Perth Western Australia 6000

ASX Code: SVY

**Auditors**

BDO Audit (WA) Pty Ltd

Chartered Accountants

38 Station Street

Subiaco Western Australia 6008

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**VISION**

To create significant value for Shareholders through exploration excellence leading to discovery success.

**MISSION**

To discover and develop the copper needed for a sustainable low-carbon future.

**VALUES**

- At all times conduct ourselves with integrity, honesty and transparency.
- Encourage an enjoyable and safe workplace based on technical excellence, teamwork, collaboration and diversity.
- Deal with all stakeholders with respect and fairness, and seek to protect the environment and enrich the communities in which we work.

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## SOCIAL AND COMMUNITY

Stavely Minerals Limited recognises that responsible community engagement is a key part of our Company's exploration activities, and fundamental to Stavely's future as a successful exploration and mineral development company.

We have a commitment to the communities in which we operate, and consider that communication with all stakeholders, including local residents, landowners, shareholders, employees, contractors and the broader community is essential.

We are committed to regular, open and honest communication with the community so that local stakeholders are consulted with regarding our exploration activities and given the opportunity to express any concerns they might have.

Stavely Minerals recognises our ability to operate depends on treating all stakeholders with respect and fairness. We seek to protect the environment and enrich the communities in which we work. Community engagement works best where it is an ongoing cumulative process enabling relationships and trust to build and strengthen over time and is essential for a viable future.

Our website has a dedicated Community section, which includes information sheets to assist our local communities to understand how Stavely manages noise mitigation, rehabilitation of drill sites and fire prevention, and provides information on the processes of mineral exploration and the stages of exploration to mining.

We employ a full-time Stakeholder Relations Manager, Lyall Grey, who lives in the local community. As part of Lyall's role, community workshops and briefings are held and community newsletters are distributed.

Stavely supports our local communities. We are a proud Gold Sponsor of the Glenthompson Dunkeld Football Club and a sponsor of the Glenthompson Art Show.



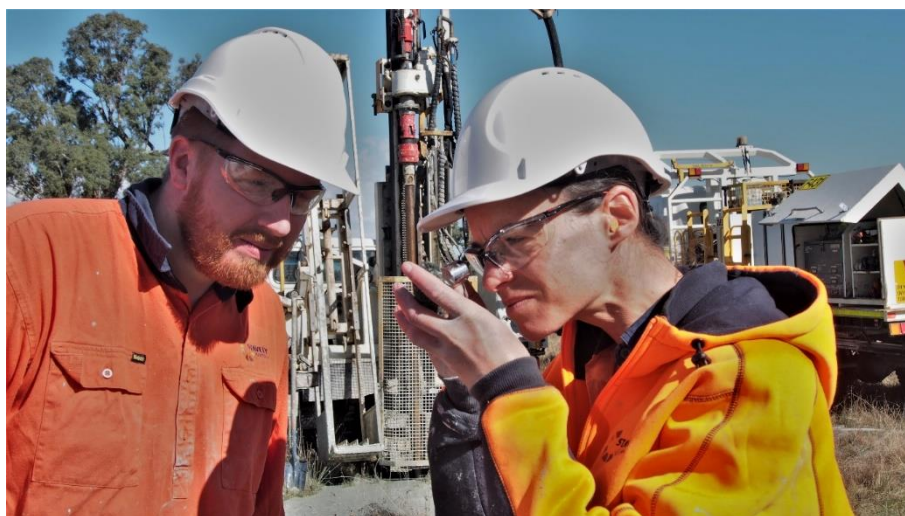
*Stavely holding a community briefing*

## PEOPLE

The health, safety and well-being of our people is essential to the success of Stavely and our community. Inductions, training and being familiar with our Company policies form the basis of safety on site. The well-being of our people is of the utmost importance, particularly as COVID-19 impacts the lives of all of us, and as a result we are implementing first aid courses that include mental health.

As technology in the mining industry continues to increase, it is essential that our people are given the opportunity to continue their professional development. Stavely brings experts to site to not only provide technical consulting for our operations, but to also develop the technical skills of our people. We provide opportunities for external training and technical conferences.

Where possible, Stavely employs its people from the local community. We are proud of the gender diversity that we have on site with 36% of employees being women, which we aim to increase where possible.



*Geologist inspecting a chip from aircore drill program.*

## GOVERNANCE / RISK MANAGEMENT

We are proud of our strong governance within our Company, and we believe that this is reflected in the reputation of our Board and management.

Our Board agenda always includes risk. We have implemented a detailed Risk Register that identifies key risks for Stavely, including social, environmental and financial risks. Each risk is assigned to specific manager and the risk is assessed for potential causes, impacts and current controls. The control effectiveness is determined, and each risk is given a rating. Further controls that may be required are recorded with expected dates for implementation.

Further details of our governance is included in our annual Corporate Governance Statement, and our Corporate Governance section on our website.

## ENVIRONMENT

Stavely Minerals is committed to minimising the impact on land and fully rehabilitating farmland and the environment immediately following its mineral exploration activities.

Prior to drilling of an exploration site, a photographic record is taken and any significant vegetation is identified and fenced off.

All reasonable measures are taken to minimise the impact of the drilling operation on the environment.

On completion, the drill site is fully rehabilitated to as good as, if not better, than its previous state.

Our rehabilitation process involves:

- Cut any protruding drill collars to 40cm below ground level and plug the hole;
- Backfill hole and mound with surplus material to allow for settling;
- Restore original land contours of drill site;
- Remove all foreign material and samples and dispose of in an approved waste facility;
- Shallow rip of the site and associated access tracks (if required) to overcome soil compaction; and
- Apply seed to achieve desired rehabilitation outcome (eg. pasture, crop, native seed) if required.

Stavely works closely with the local communities when undertaking activities. In 2021, Stavely undertook an airborne gravity survey over the Stavely Project. Prior to the survey, our Stakeholder Relations Manager worked with the local shire councils to ensure that all local landowners were made aware of this upcoming survey and who we are. We were thanked publicly by the Wildwood Wildlife Shelter in Glenthompson as we were able to reschedule the portion of the survey affecting them at the request of the shelter.

In March 2021, Stavely engaged Deloitte Access Economics to produce a Phase 1 Economic Impact Study for the community and government to assess the potential employment and economic impacts and benefits, of a proposed Stavely mining project.

The results suggest that the Stavely Project, if developed as envisaged, is likely to deliver significant increases in economic activity and additional employment opportunities for the local communities. This report is available on our website.

Our Commodity – The development and production of Stavely’s resource, primarily copper, is essential for the future of technology, including electric vehicles, energy transformers and wind farms. Copper can significantly contribute towards a low carbon future. Copper is one of the few materials that can be recycled, again and again, without any loss in performance. Recycled copper can be used in the same way as primary (mined) metal. In addition, end-of-life products (scrap) containing copper are much more likely to be collected for recycling because of their residual economic value. Our mission - to discover and develop the copper needed for a sustainable low-carbon future.



## 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 Myola Project, central Victoria, and the Mathinna & Lefroy Projects, north eastern Tasmania were divested to Nubian Resources in December 2020. The Ravenswood Project, in North Queensland, was divested to Sunshine Gold in March 2021.

For most of the year, as a response to the COVID-19 situation, Stage 3 restrictions were in place for regional Victoria, including the Stavely Project area. The Company continued its field-based drilling operations throughout the lock-down. The nature of the diamond drilling process – drilling, drill core processing, logging and sampling - can be done in a manner consistent with the principles of social distancing recommended by Government authorities. All Stavely Minerals' personnel in the field are also using additional PPE (face masks/coverings) consistent with Government guidelines.

Stavely Minerals has benefited from its long-standing policy of hiring its field-based workforce from Victoria, and specifically preferencing employees from its regional locality in the State's west.

The Company's focus during the year was the Mineral Resource drilling to progress the delineation of the high-grade, near-surface copper-gold-silver mineralisation discovered at the Cayley Lode in September 2019. The intensive resource drill-out, with up to six diamond drill rigs has extended the strike extent of the Cayley Lode to an overall 1.5km -long discovery zone. The in-fill and step-out drilling has been based on a roughly 40m x 40m drill grid with the intention that the majority of the resource be classified in the higher-confidence Indicated Resources category. The Cayley Lode resource will complement the existing large Inferred Mineral Resource in a shallow chalcocite-enriched blanket of 28 million tonnes at 0.4% copper (gold and silver not estimated) at Thursday's Gossan. It is 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.

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. Drilling during the year has comprehensively demonstrated that the Cayley Lode continues below the Low Angle Structure (LAS) with only a modest offset to the mineralisation.

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

In addition to the resource definition drilling, the Company has commenced various ancillary programmes including metallurgical test-work, geotechnical test-work, environmental monitoring and groundwater monitoring that will provide critical information to the various stages of future development studies.

During year the drilling of two deep diamond holes targeting the blind porphyry were completed. The deep porphyry drill holes intercepted distal porphyry-style veining with copper mineralisation from approximately 600m to 1,000m in both holes.

A 7,500 line-kilometre Falcon™ airborne gravity gradiometer survey was flown by CGG Multi-Physics over the entire Stavely Project, including mineral tenements RL2017, EL5425 and exploration licence application 006870 (subsequently granted). The gravity dataset together with the existing regional aeromagnetic dataset will provide a long-term baseline reference dataset to support copper-gold-silver exploration for many years to come in this under-explored and emerging mineral province.

Drilling at the Mt Ararat Copper-Gold Zinc VMS has confirmed a substantial depth extension to the deposit. Mineralisation at the Mt Ararat VMS deposit is very consistent and has now been defined over a strike extent of approximately 800m and to a depth of approximately 250m and remains open at depth. The latest drilling at Mt



Ararat indicates a strong potential to expand the current Mineral Resource of 1.2Mt at 2.0% copper, 0.50g/t gold, 0.40% zinc and 6g/t silver. The strong drilling results highlight the potential for the Mt Ararat deposit to form part of an expanded project based on the Cayley Lode discovery.

Both the initial and follow-up air-core drilling program conducted during the year at the Toora West prospect in the Yarram Park Project provide strong evidence of a second emerging porphyry discovery in the Stavely Arc. The air-core drilling returned assays of up to 0.61% Cu and 20.4 g/t Ag. Visual observations from both the original and follow-up air-core programs have noted widespread weak-to-moderate pyrite, chalcopyrite and molybdenite sulphide and secondary chalcocite mineralisation extending over an area ~1km east-west to 2km north-south and which remains open in all directions. In addition, the observed mineralisation is associated with alteration interpreted as inner-propylitic to outer potassic in character, meaning the target higher-grade potassic core is likely to be near-surface.

## CORPORATE

In July 2020, a Letter of Intent (LoI) was executed to divest the Company's Mathinna/Alberton and Lefroy Goldfields tenements located in Northeast 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 were 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 and all conditions met, 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 being issued.

The consideration for the purchase was based on 100% ownership of the tenements. Stavely Minerals was in Joint Venture with Bestlevel Holdings Pty Ltd (Bestlevel), with Stavely Minerals holding a 75% interest and having rights to earn a further 10% to 85% before the Joint Venture becomes a standard contribute or dilute arrangement.

Bestlevel participated in the sale agreement by selling Bestlevel to Nubian to achieve the 100% sale basis. The value of the Bestlevel contribution of a 25% interest in the three Mathinna JV tenements equated to A\$406,000 of Nubian shares.

The sale was completed in December 2021 with the final consideration received comprising the A\$100,000 cash deposit and 4,195,708 Nubian shares (valued at A\$1.9 million at close on 21 January 2021 of C\$0.45).

In July 2020, the Company completed a successful capital raising of \$27.8 million. The capital raising was underpinned by a Share Placement of approximately 41.67 million shares at 60 cents per share to sophisticated and institutional investors to raise \$25 million before costs and a Share Purchase Plan of approximately 4.6 million shares at 60 cents per share which raised approximately \$2.8 million.

The Placement, which was significantly over subscribed, was undertaken in two tranches, the first tranche of 28 million shares was issued in July 2020 and the second tranche, which was approved by shareholders at the General Meeting held on 31 August 2020, was issued in September 2020.

The funds raised from the Placement and Share Purchase Plan are being used to:

- Complete the shallow (0-200m) Mineral Resource drill-out at the Cayley Lode;
- Identify additional lodes;
- Drill test the deeper porphyry targets;
- Progress a Phase 1 Open Pit Scoping Study; and
- Provide additional working capital.

During the September 2020 quarter, the Company announced that it 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 in succession that Stavely Minerals has been successful in receiving an allocation of JMEI credits.

In February 2021, Sunshine Gold entered into an option agreement to acquire the Ravenswood Project, in north Queensland, from Stavely Minerals and, following the satisfaction of all required conditions, gave notice to exercise the purchase option on the 24 March 2021.

Key commercial terms included:

1. Ukalunda Pty Ltd ("Ukalunda"), a 100%-owned subsidiary of Stavely Minerals, is the 100%-owner of the Ravenswood tenements being EPM26041, EPM26152, EPM26303 and EPM26304 ("Tenements").
2. Sunshine Gold has paid a \$10,000 non-refundable Option fee to Stavely Minerals.
3. Sunshine Gold is to acquire Ukalunda from Stavely Minerals, by making a \$400,000 cash payment plus refunding \$4,500 for security bonds. In addition, Stavely Minerals will be granted a 1% Net Smelter Royalty in respect of future gold revenues from the Tenements. Sunshine Gold will retain a pre-emptive right to acquire the royalty.
4. Sunshine Gold is to become liable for existing obligations including Native Title, Aboriginal Heritage, replacement of security bonds and environmental rehabilitation.

Completion of the transaction occurred on 31 March 2021.

In May 2021, the Company announced new board and management appointments. Rob Dennis joined the board as a Non-Executive Director and Mark Mantle joined Stavely Minerals as the Project Manager to oversee and coordinate the upcoming Scoping Study on the Phase-1 open pit development at the Thursday's Gossan Project.

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## Review of Operations

### Background

The Ararat and Stavely 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 retention licences with a total area of 109 square kilometres (100% owned), an exploration tenement with a total area of 26 square kilometres (100% owned), 100 square kilometres of joint venture tenure (51% earned to date) and 890 square kilometres of tenement application area (100% owned).

The Projects have excellent infrastructure and access with paved highways, port connection by railroad and a 62 MW wind farm located 5 kilometres from the Stavely Project. The primary land use is grazing and broad acre cropping.

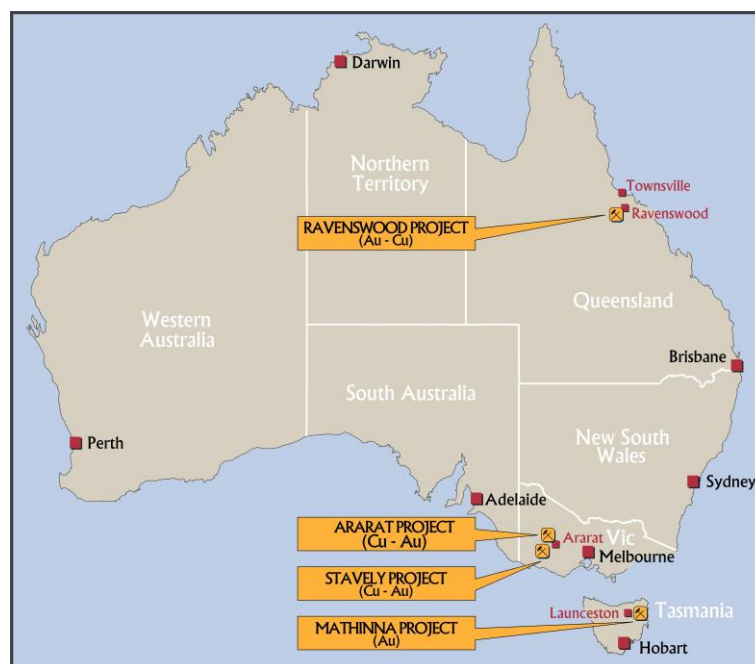


Figure 1. Project location plan.

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 Ravenswood 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 Ravenswood Project was divested to Sunshine Gold in March 2021.

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.

The Mathinna, Lefroy and central Victorian Projects were divested to Nubian Resources in December 2020.

**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 Serpentinite.

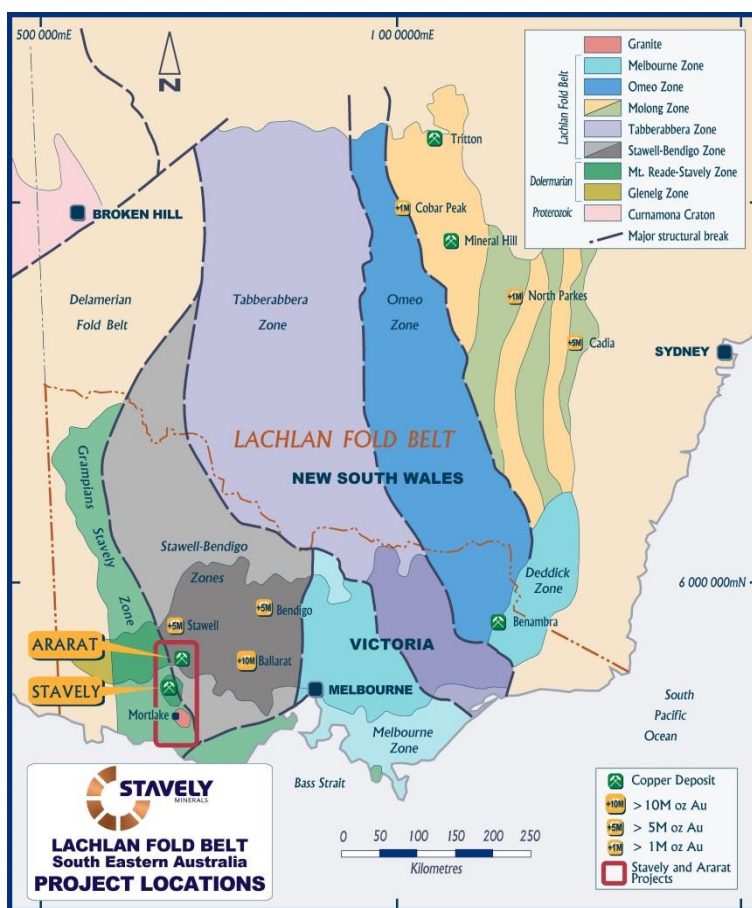


Figure 2. Geology of South-eastern Australia.

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).

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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.

**Mineral Resources**

The Ararat and Stavelly 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 remains unchanged from the Mt Ararat Copper Indicated and Inferred Resource Estimate, August 2015. Although economic circumstances affecting the mining industry have changed since 2015, the underlying assumptions utilised in 2015 Mineral Resource estimate remain valid.

**Table 1. The Mount Ararat Resource Estimate, August 2015 (reviewed in 2021).**

| 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          |                                |                |                |              |
|                     |                | <b>Total</b> | <b>250</b>               | <b>2.2</b>   |                                |                |                |              |
|                     | 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            |              |
| <b>Total</b>        | <b>1070</b>    | <b>1.9</b>   | <b>1320</b>              | <b>0.5</b>   | <b>5.7</b>                     | <b>0.4</b>     |                |              |
| <b>Total 1% Cu</b>  |                | <b>1320</b>  | <b>2.0</b>               | <b>1320</b>  | <b>0.5</b>                     | <b>5.7</b>     | <b>0.4</b>     |              |
| 2.0% Cu             | Indicated      | Supergene    | 30                       | 2.9          |                                |                |                |              |
|                     |                | Fresh        | 80                       | 2.9          |                                |                |                |              |
|                     |                | <b>Total</b> | <b>110</b>               | <b>2.9</b>   |                                |                |                |              |
|                     | 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            |              |
| <b>Total</b>        | <b>280</b>     | <b>3.0</b>   | <b>390</b>               | <b>0.6</b>   | <b>7.3</b>                     | <b>0.5</b>     |                |              |
| <b>Total 2% Cu</b>  |                | <b>390</b>   | <b>2.9</b>               | <b>390</b>   | <b>0.6</b>                     | <b>7.3</b>     | <b>0.5</b>     |              |

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.

**(b) Stavelly Project Mineral Resource**

In the Stavelly 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.

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Table 2. The Thursday's Gossan Chalcocite Copper Inferred Resource Estimate (reviewed in 2021).

| Thursday Gossan Chalcocite Copper August 2013 Inferred Resources (JORC 2012 Edition) |                                    |                      |      |           |             |
|--|------------------------------------|----------------------|------|-----------|-------------|
| Copper Mineralisation Subdivision  |                                    | Lower Cu Tonnes (MT) |      | Copper    | Contained   |
|  |                                    | Cut (%)              |      | Grade (%) | 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.

### 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 3).

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 significant hard-rock source.

During the year, drilling at the Mt Ararat Copper-Gold Zinc VMS confirmed a substantial extension to the deposit. Two diamond drill holes were conducted to test the down-dip potential of the existing Mt Ararat resource (Figure 4). Mineralisation at the Mt Ararat VMS deposit is very consistent in strike and dip continuity and has now been defined over a strike extent of approximately 800m and to a depth of approximately 250m and remains open at depth.

Diamond drill hole SADD011 (Figure 5) intersected significant mineralisation from 205.4m down-hole, including:

- 6.6m at 2.48% Cu, 0.38g/t Au and 0.39% Zn (true width ~4m), including
  - 1.1m at 6.70% Cu, 0.49g/t Au, 0.85% Zn and 9.2g/t Ag from 209m

Diamond drill hole SADD012 (Figure 6) intersected significant mineralisation from 299.9m down-hole, including:

- 6.1m at 3.15% Cu, 0.41g/t Au and 0.28% Zn (true width ~4m), including
  - 1m at 8.74% Cu, 1.72g/t Au, 0.77% Zn and 13g/t Ag from 301m

Drill hole SADD012 intersected high-grade copper-gold-zinc mineralisation approximately 100m deeper than the previous deepest intercept on that section in drill hole M94\_1, which recorded an intercept of 2.27m at 4.61% Cu, 0.28g/t Au and 0.31% Zn and 12g/t Ag from 175.4m down-hole.

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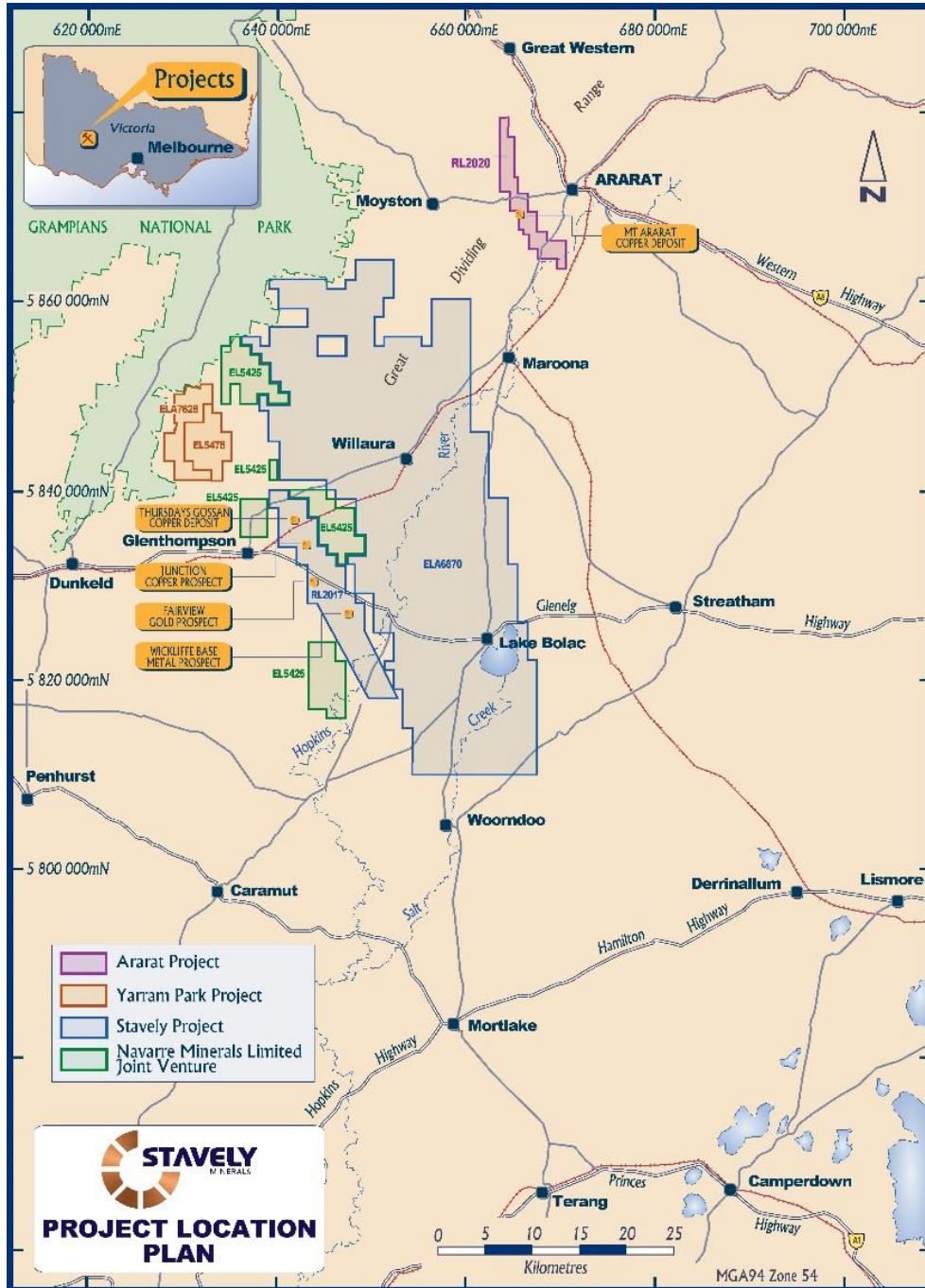


Figure 3. Stavelly, Yarram Park and Ararat Project location plan.

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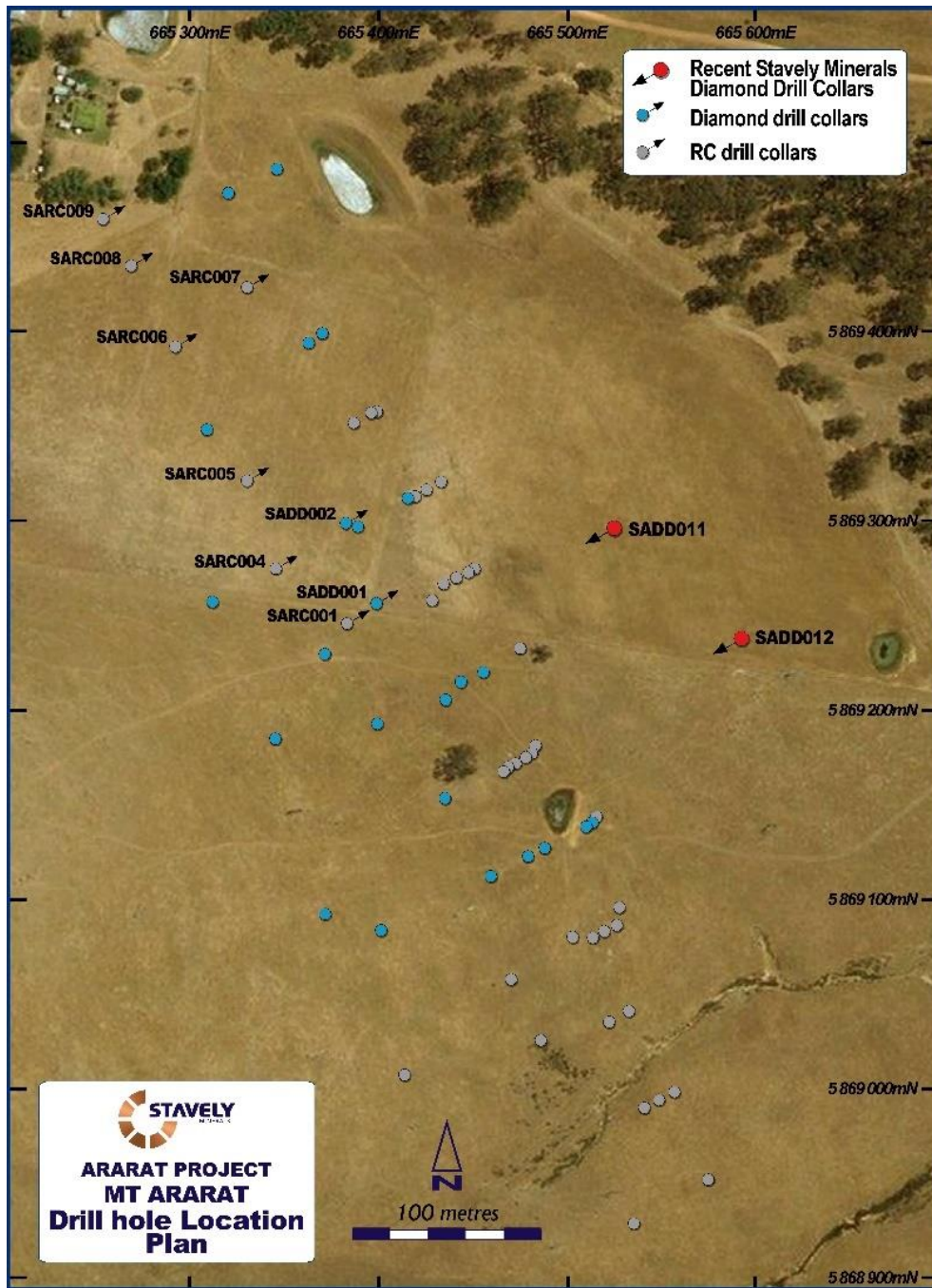


Figure 4. Mount Ararat drill collar location plan.



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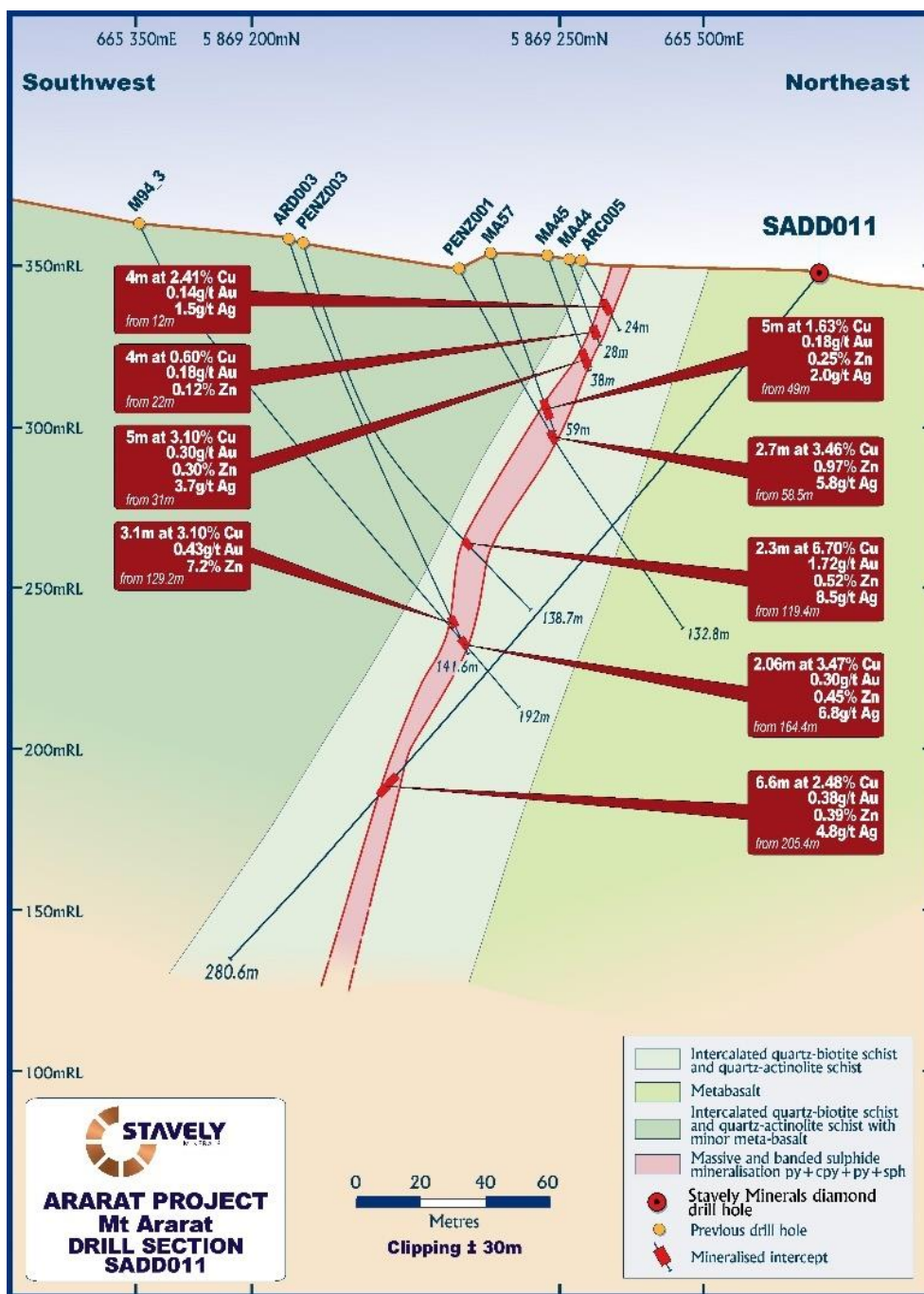


Figure 5. SADD011 drill section.

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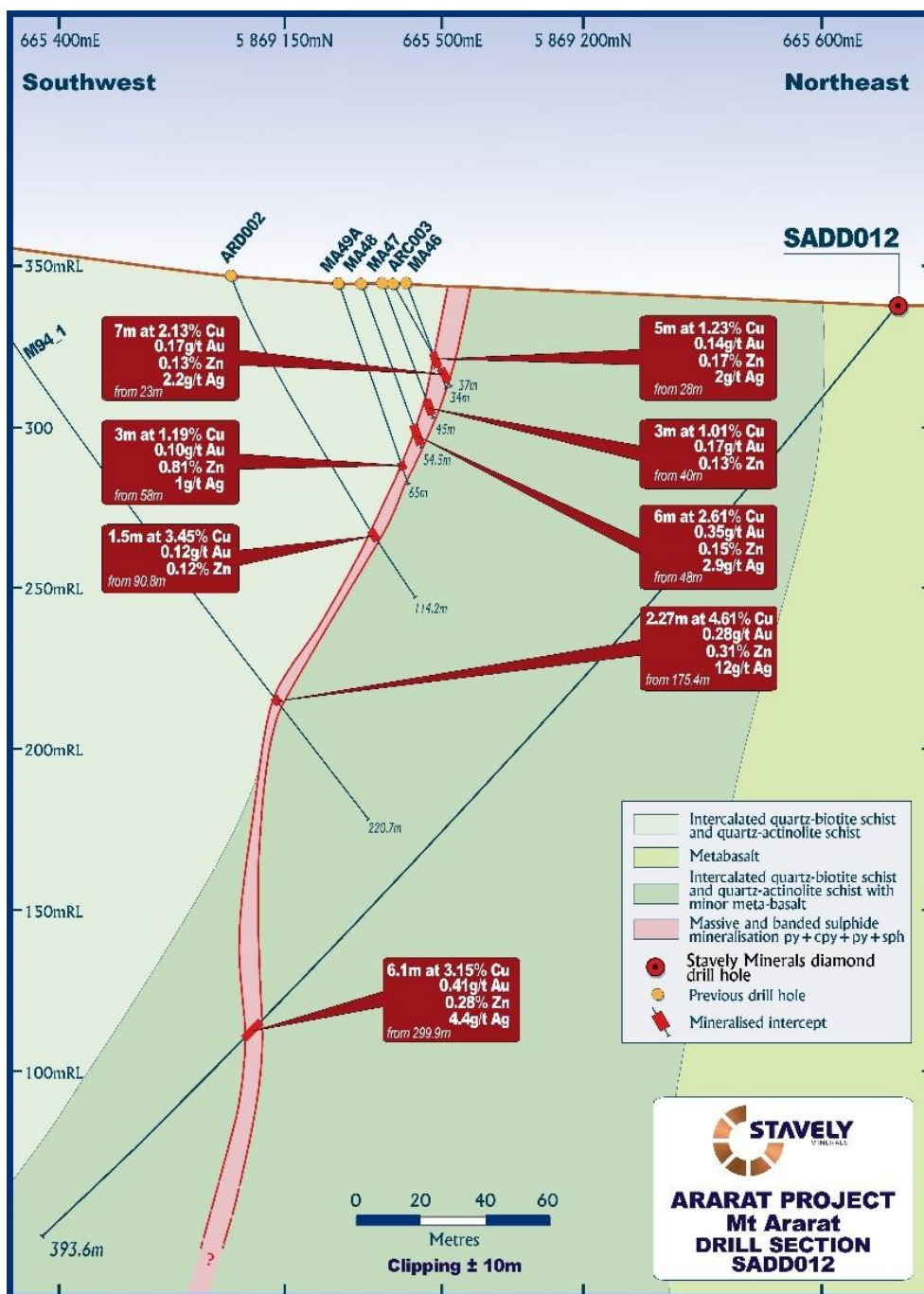


Figure 6. SADD012 drill section.

### Stavely Project

The Stavely Project hosts several significant opportunities for discovery of porphyry copper-gold and VMS base-metals +/- gold deposits (Figure 3).

During the year, the Company continued the resource drill-out of the high-grade structurally-controlled copper-gold-silver mineralisation at the Cayley Lode.

The Company commissioned CGG Multi-Physics to fly a Falcon™ airborne gravity gradiometer survey over the entire Stavely Project, including RL2017, EL5425 and exploration licence application EL6870 (which has since been granted). The 7,500 line-kilometre survey covering an area of 1,461 km<sup>2</sup>, was flown at 80m height above

surface (150m over residential areas) on east-west flight lines spaced 200m apart with north-south tie-lines flown at a 2-kilometre spacing. Processing of the gravity gradiometer data was still in progress at the end of the year.

In addition, an auger soil sampling program was conducted on RL2017, mainly immediately to the north of Thursday's Gossan, at 80m spacing along 400m spaced lines. Analysis of the multi-element geochemistry has identified a number of anomalies which warrant follow-up work.

#### ***Thursday's Gossan Porphyry Prospect***

During the year, two diamond holes, SMD114 and SMD117, were drilled by Titeline Drilling Pty Ltd at Thursday's Gossan to test the two deep interpreted porphyry targets generated by the seismic lines.

The drilling was targeting the potassic 'core' at depth where the best developed copper and gold grades are expected and has yet to be discovered.

Holes SMD114 and SMD117 were designed to test the interpreted deep porphyry targets generated by the seismic line immediately north of the railway line and south of the railway line respectively.

The deep porphyry drill holes intercepted distal porphyry-style veining with copper mineralisation from approximately 600m to 1,000m in both holes.

#### ***Cayley Lode Copper – Gold Mineralisation***

During the year, 72 diamond drill holes SMD093 to SMD113, SMD115 to SMD116, SMD118 to SMD162, three wedges SMD93W1, SMD94W1 and SMD156W1, and the re-entry of SMD071 were drilled for a total of 24,166m targeting the high-grade structurally-controlled near-surface copper-gold-silver mineralisation at the Cayley Lode at the Thursday's Gossan prospect. The drill collar locations are shown in Figure 7 and Figure 8 and the details are given in the Cayley Lode Collar Table.

A review was undertaken of all the results and data stemming from deep diamond drilling conducted in previous years, targeting the source porphyry, including a number of high-grade structurally-controlled copper-gold-silver intercepts. These intercepts, while at significant depths of between 550m to +1,000m drill depth, highlighted significant similarities between the large mineral system at Thursday's Gossan and the Butte, Montana and Magma, Arizona copper deposits. Similarities include that the mineralisation is structurally-controlled, it demonstrates a large vertical extent of mineralisation and that the copper sulphide species are zoned both vertically and laterally. This prompted Stavely Minerals to test for similar high-grade lode-hosted copper-gold-silver mineralisation at shallower depths. This resulted in the discovery drill hole SMD050 with results released in September 2019.

The assays for SMD090, SMD091, SMD092, SMS012 and SMS013 that were outstanding at the end of the previous year have been received. Assay data for diamond holes drilled during the current reporting period, including SMD093 to SMD140, SMD151 to SMD154 and SMD156/ SMD156W1 have been received. The significant intersections are presented in Cayley Lode Intercept Table. The assays for SMD141 to SMD150, SMD155 and SMD157 to SMD162 were pending at the end of the year.

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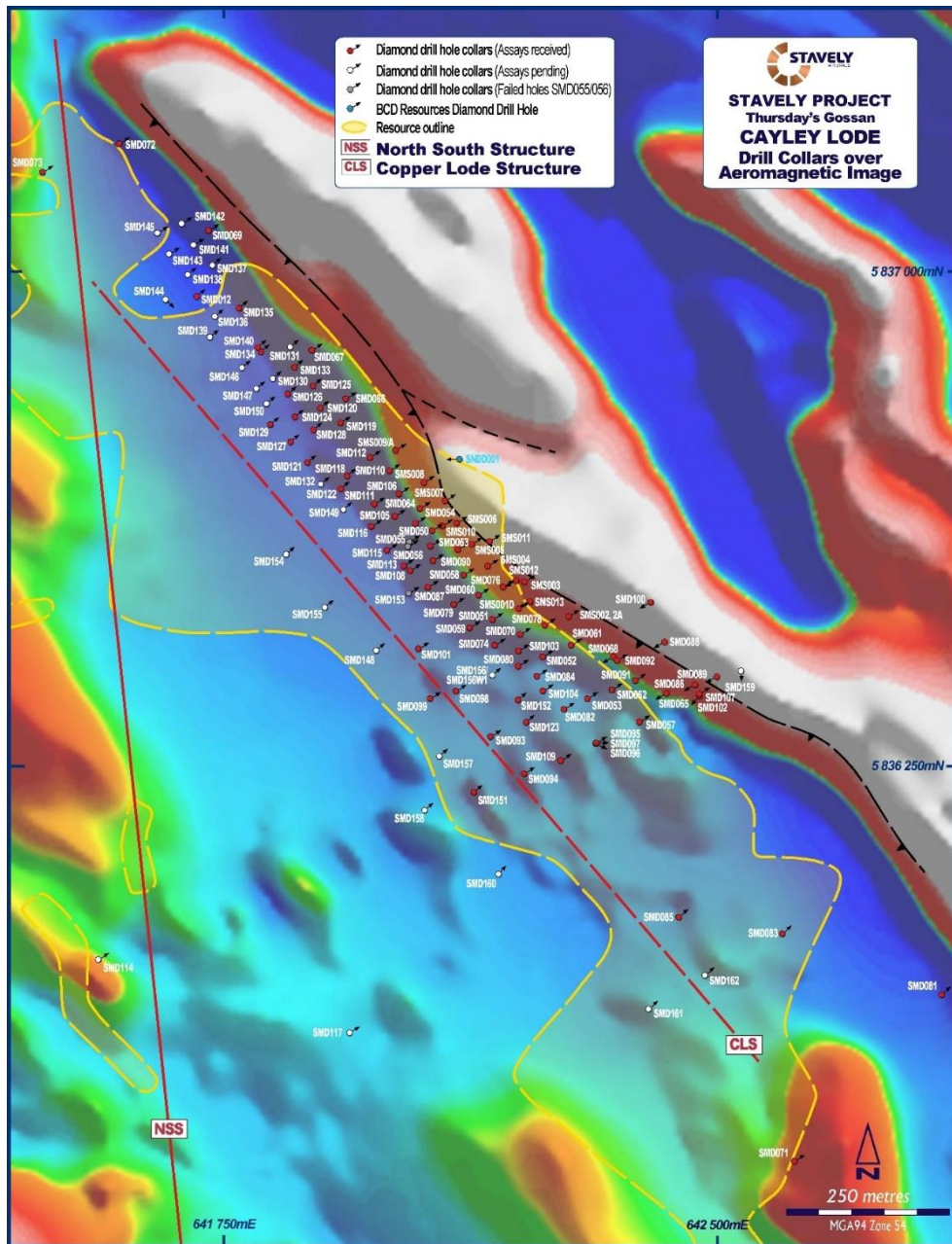


Figure 8. Thursday's Gossan prospect – drill collar location plan over aeromagnetic image.

The drilling focused on follow-up of the exceptional results received from the discovery diamond hole SMD050 (Figure 9), the first hole testing the Ultramafic Contact Fault target in September 2019, 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

An intensive resource drill-out was conducted during the year with up to six diamond drill rigs initially extending the resource to the south-east, then to the north west and, at the end of the year, drilling was in progress in the far south-east. The in-fill and step-out drilling, based on roughly a 40m x 40m drilling grid, has extended the deposit to 1.5 km – long.

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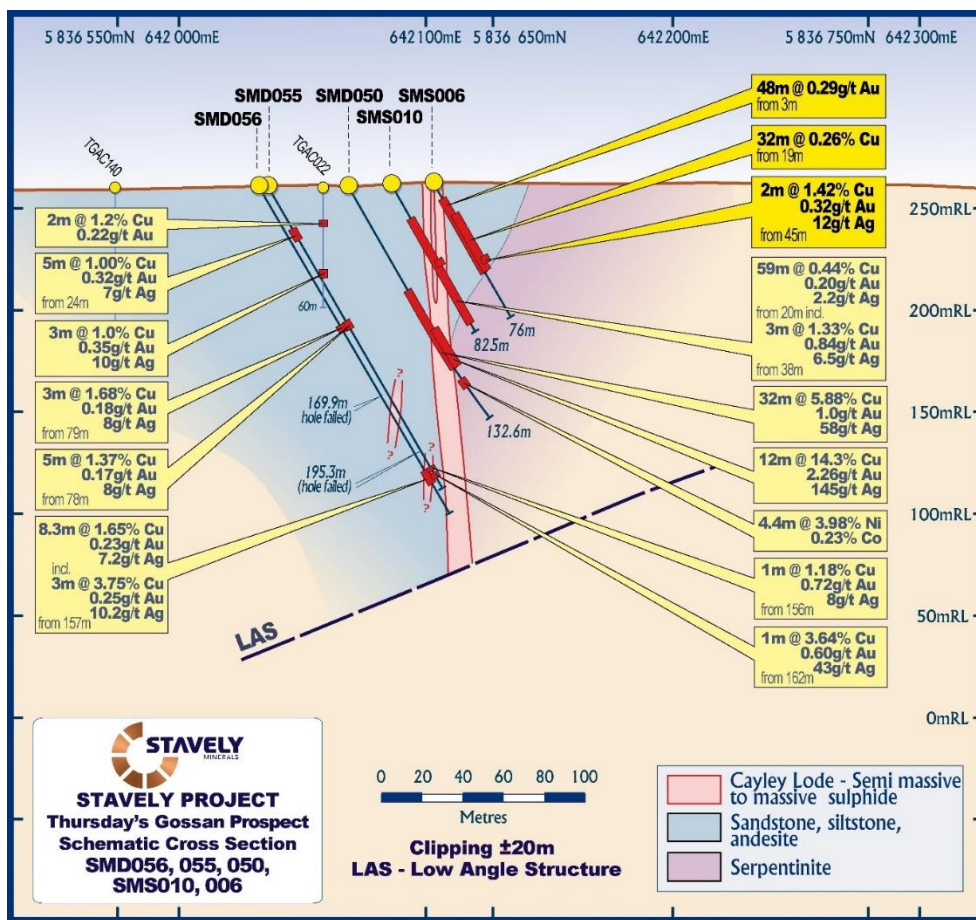


Figure 9. Drill section SMD056, SMD055, SMD050, SMS010 & SMS006.

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 hole SMD071 was re-entered and extended from the previous total depth of 426.6m to 562.6m. The extension of the hole was aiming to intersect the southern projection of the Cayley Lode high grade shoot that was intercepted in SMD085, below the LAS. Unfortunately, due to drilling issues, a decision was made to abandon the hole at 562.6m which fell short of the expected position of the Cayley Lode.

A wedge drill hole was drilled for SMD093, SMD094 and SMD156 in order to recover lost core through the Cayley Lode in these holes.

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

SMD135 is the north eastern-most hole yet reported in the Cayley Lode Mineral Resource definition drilling program. The high-grade intervals in this hole are associated with the high-tenor copper sulphide bornite.

The affinity of higher grades of gold and silver with bornite is exemplified by the stunning assays of 25g/t Au and 2,540g/t Ag associated with an interval of 10% Cu from 133m to 134m in the Cayley Lode in drill hole SMD135.

Also, in SMD135 at the shallow depth of 66.6m, a high-grade interval of 1m at 21.2% Cu, 1.75g/t Au and 142g/t Ag in the Copper Lode Splay (CLS) is also associated with bornite.

The recognition of the lateral/temporal zonation of the Cayley Lode from chalcopyrite→bornite→chalcocite→sphalerite, as exemplified by peripheral polymetallic-gold mineralisation, is

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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.

Drill holes which have delivered particularly impressive results during the year, for drill sections from south to north include:

Drill hole SMD151 (Figure 10), located in the southern sector of the deposit just north of the railway line, intersected both a large low-grade shallow intercept in the chalcocite-enriched blanket of 117m at 0.48% Cu from 77m down-hole including a higher-grade intercept of:

- 21m at 1.38% Cu from 78m

Drill hole SMD151 also intersected the Cayley Lode copper-gold-silver mineralisation below the LAS including:

- 8m at 1.04% Cu, 0.1g/t Au and 6g/t Ag from 410m down-hole

Drill hole SMD093 intercepted a very broad zone of low-grade copper mineralisation (Figure 11) with:

- 299.7m at 0.40% Cu from 35m down-hole including
  - 64m at 0.68% Cu from 35m in the chalcocite-enriched blanket, including
    - 18m at 1.11% Cu from 36m in the interpreted CLS, and
  - 30.1m at 1.44% Cu, 0.21g/t Au and 4.4g/t Ag from 304.6m in the Cayley Lode, including
    - 4m at 3.17% Cu, 0.26g/t Au and 7.5g/t Ag from 306m

Diamond drill hole SMD104 (Figure 12) intersected a very broad zone of significant copper mineralisation in a very shallow intercept in the Cayley Lode:

- 144m at 1.04% Cu, 0.15g/t Au and 3.4g/t Ag from 35m down-hole, including:
  - 84m at 1.55% Cu, 0.23g/t Au and 5.0g/t Ag from 95m, including:
    - 28m at 3.31% Cu, 0.49g/t Au and 7.1g/t Ag from 151m

Drill hole SMD152 (Figure 13) returned a large low-grade shallow intercept in the chalcocite-enriched blanket of 111.3m at 0.35% Cu from 26.7m down-hole including a higher-grade intercept of:

- 7.4m at 1.44% Cu from 27.6m

Drill hole SMD152 also intersected the Cayley Lode above the LAS including:

- 64.1m at 1.04% Cu, 0.13g/t Au and 3.5g/t Ag from 219m down-hole, including:
  - A hanging-wall intercept of 18m at 1.49% Cu, 0.1g/t Au and 4.0g/t Ag from 219m, and
  - A central intercept of 5m at 1.65% Cu, 0.27g/t Au and 5.6g/t Ag from 249m, and
  - A foot-wall intercept of 9.7m at 2.48% Cu, 0.38g/t Au and 8.6g/t Ag from 273.4m

Drill hole SMD156 intercepted the Cayley Lode in a position above the LAS (Figure 14):

- 22.8m at 2.27% Cu, 0.38g/t Au and 19g/t Ag from 247m, including
  - 3m at 6.86% Cu, 1.00g/t Au and 11g/t Ag, and
  - 4.7m at 4.07% Cu, 0.78g/t Au and 77g/t Ag

Drill hole SMD156W1 was drilled as a wedge hole to SMD156 which had an interval of lost core in the Cayley Lode mineralisation. SMD156W1 intercepted:

- 23.1m at 1.67% Cu, 0.25g/t Au and 19g/t Ag from 246.9m down-hole, including:
  - 3.1m at 6.21% Cu, 0.69g/t Au and 77g/t Ag

Drill hole SMD100 (drilled to 250 degrees azimuth as a 'scissor' hole, Figure 15) in the south-central portion of the Cayley Lode, intercepted significant mineralisation below the LAS, including:

- 8.8m at 1.57% Cu, 0.24g/t Au and 4.5g/t Ag from 332.2m down-hole

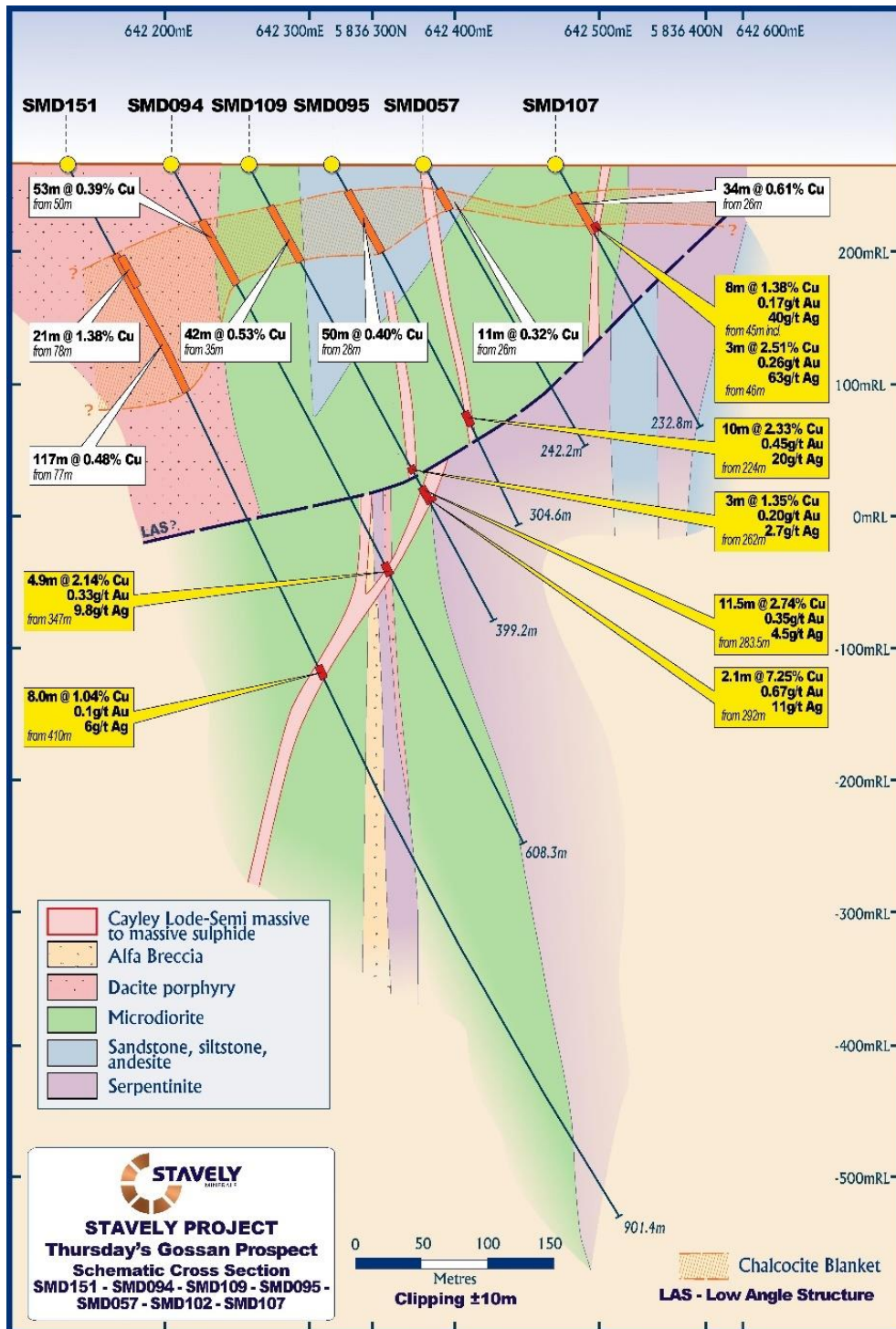


Figure 10. Drill section for SMD151.

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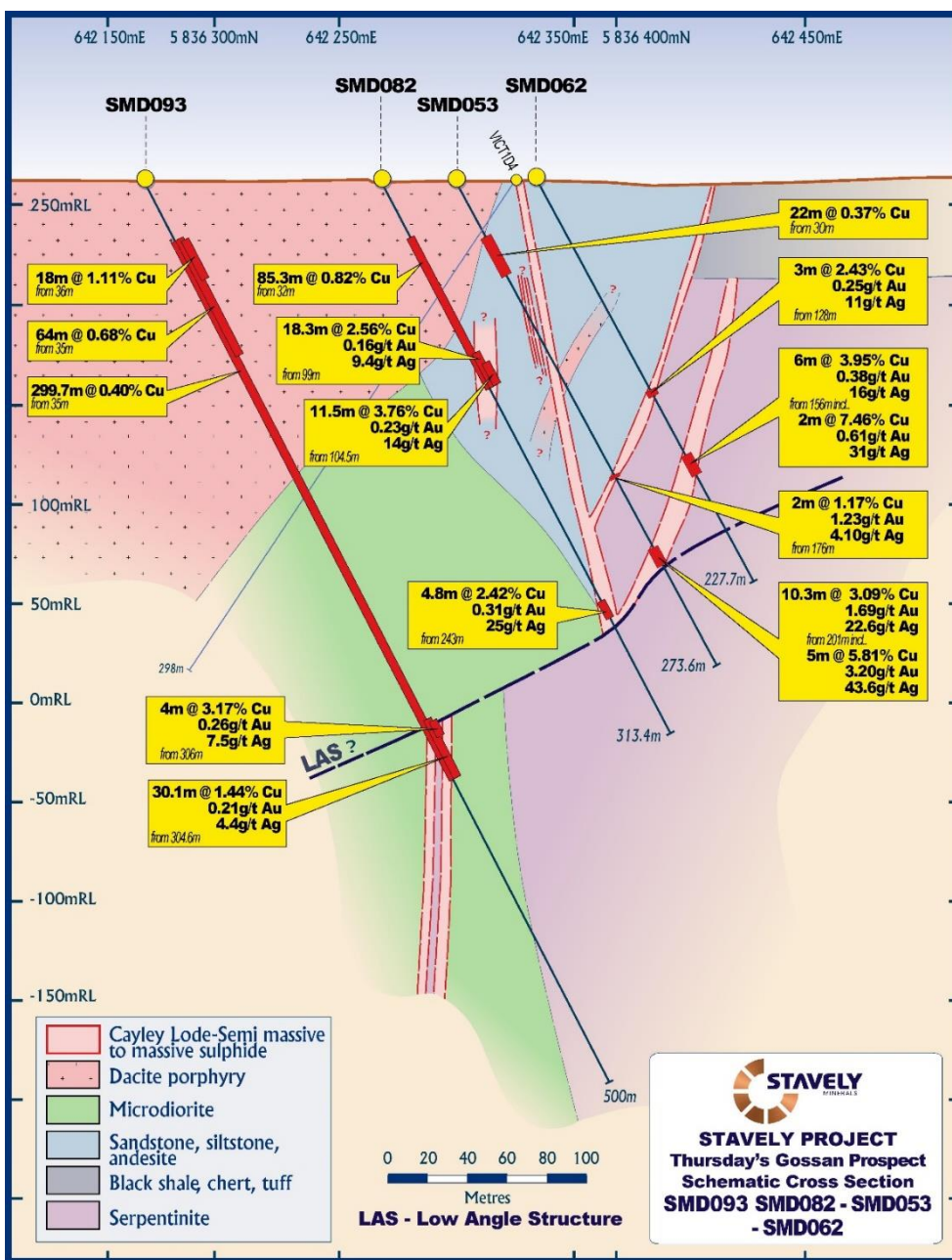


Figure 11. Drill section for SMD093.

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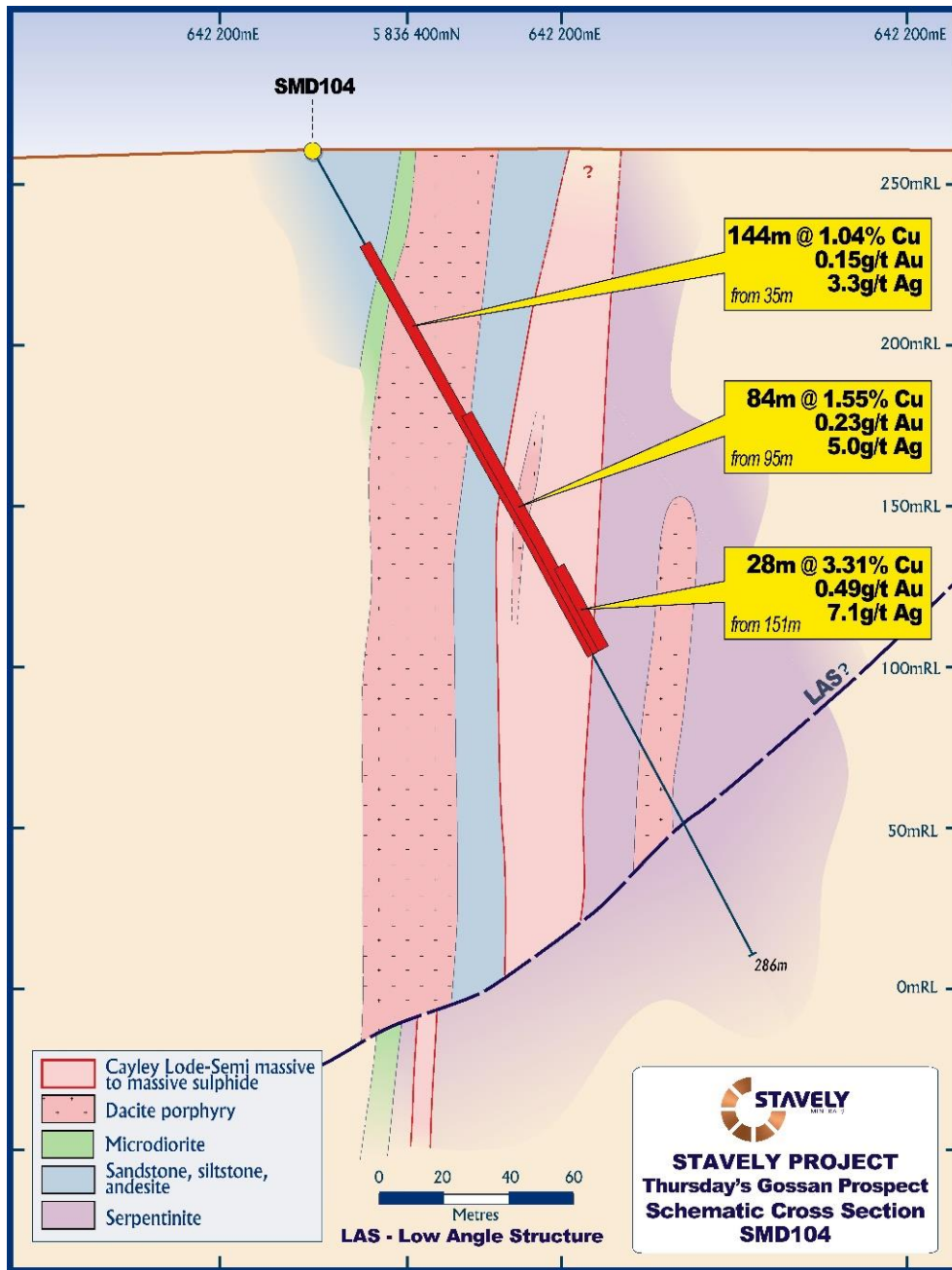


Figure 12. Drill section for SMD104.



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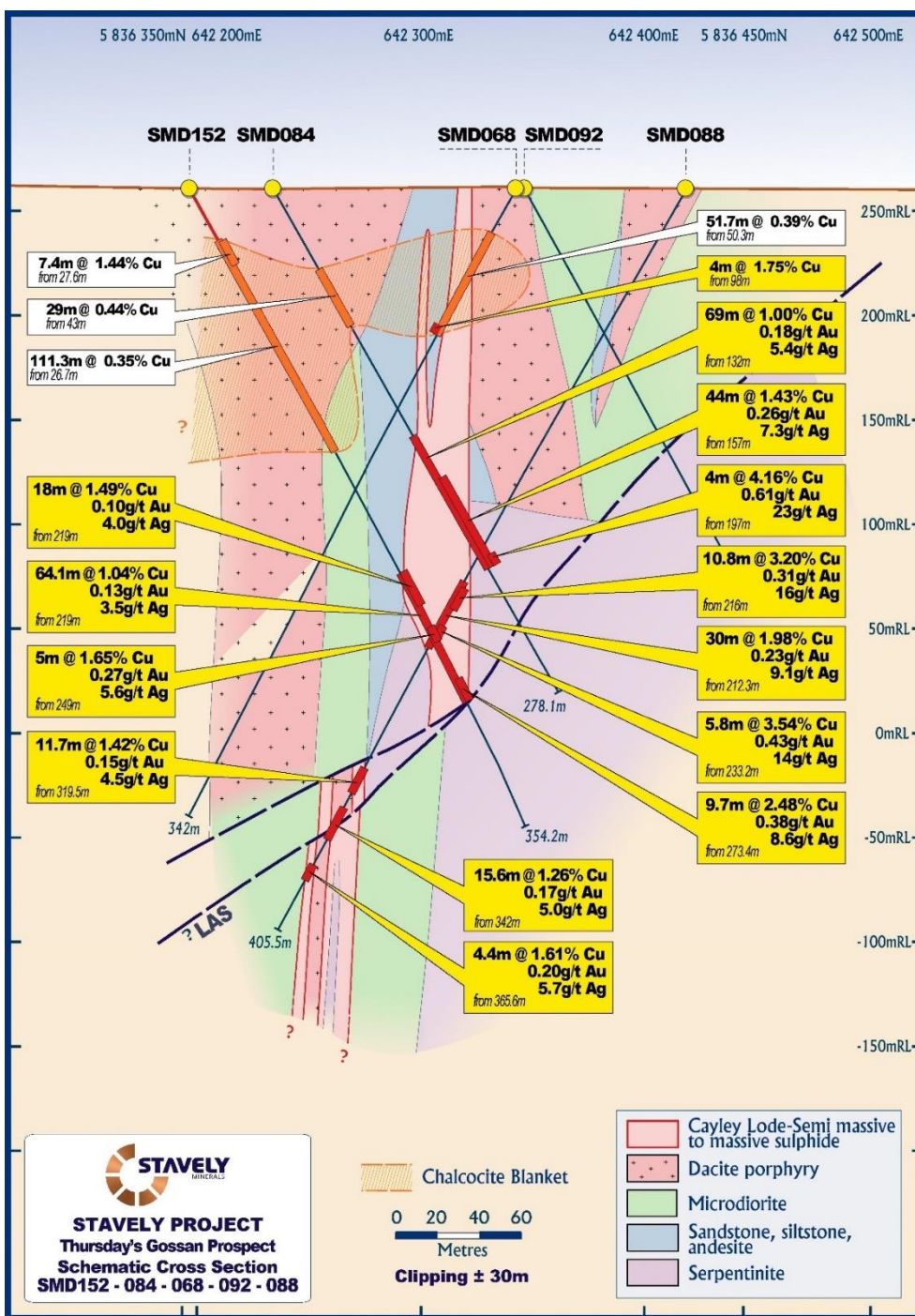


Figure 13. Drill section for SMD152.

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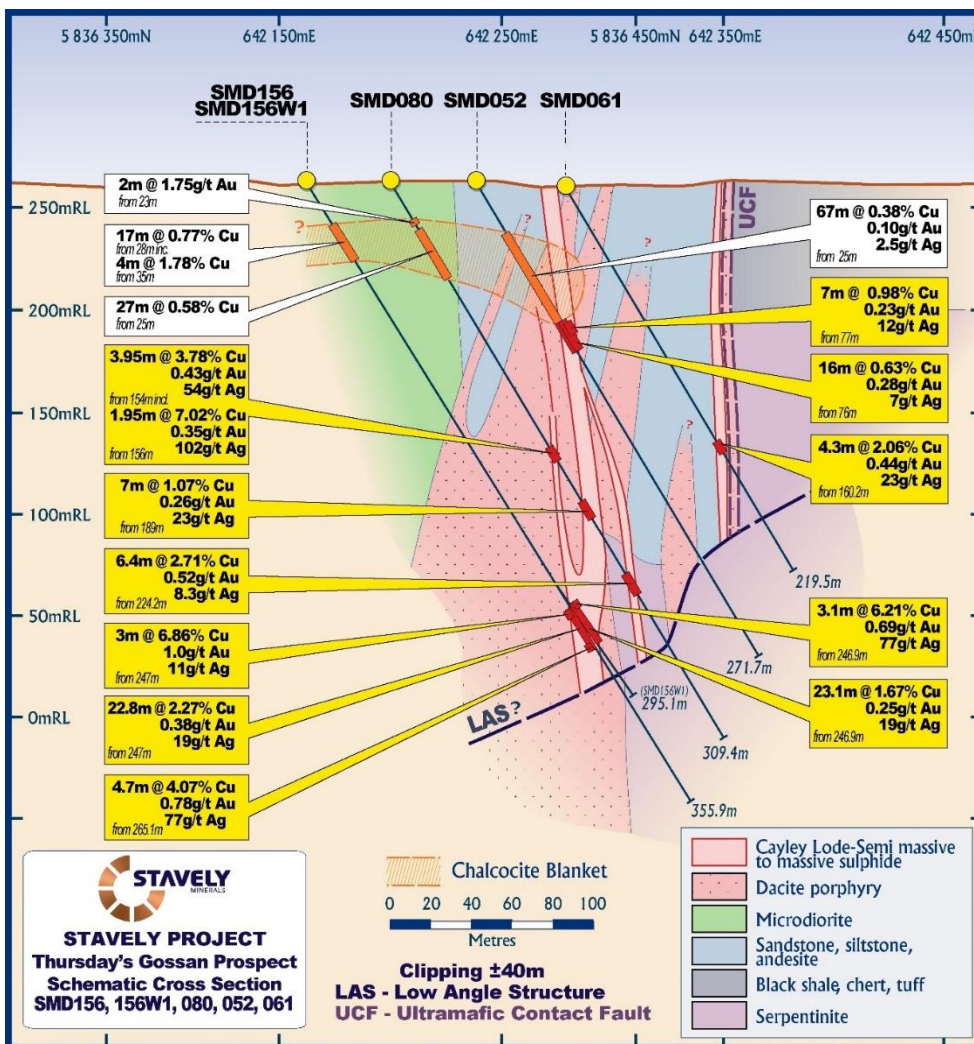


Figure 14. Drill section for SMD156 and SMD156W1.



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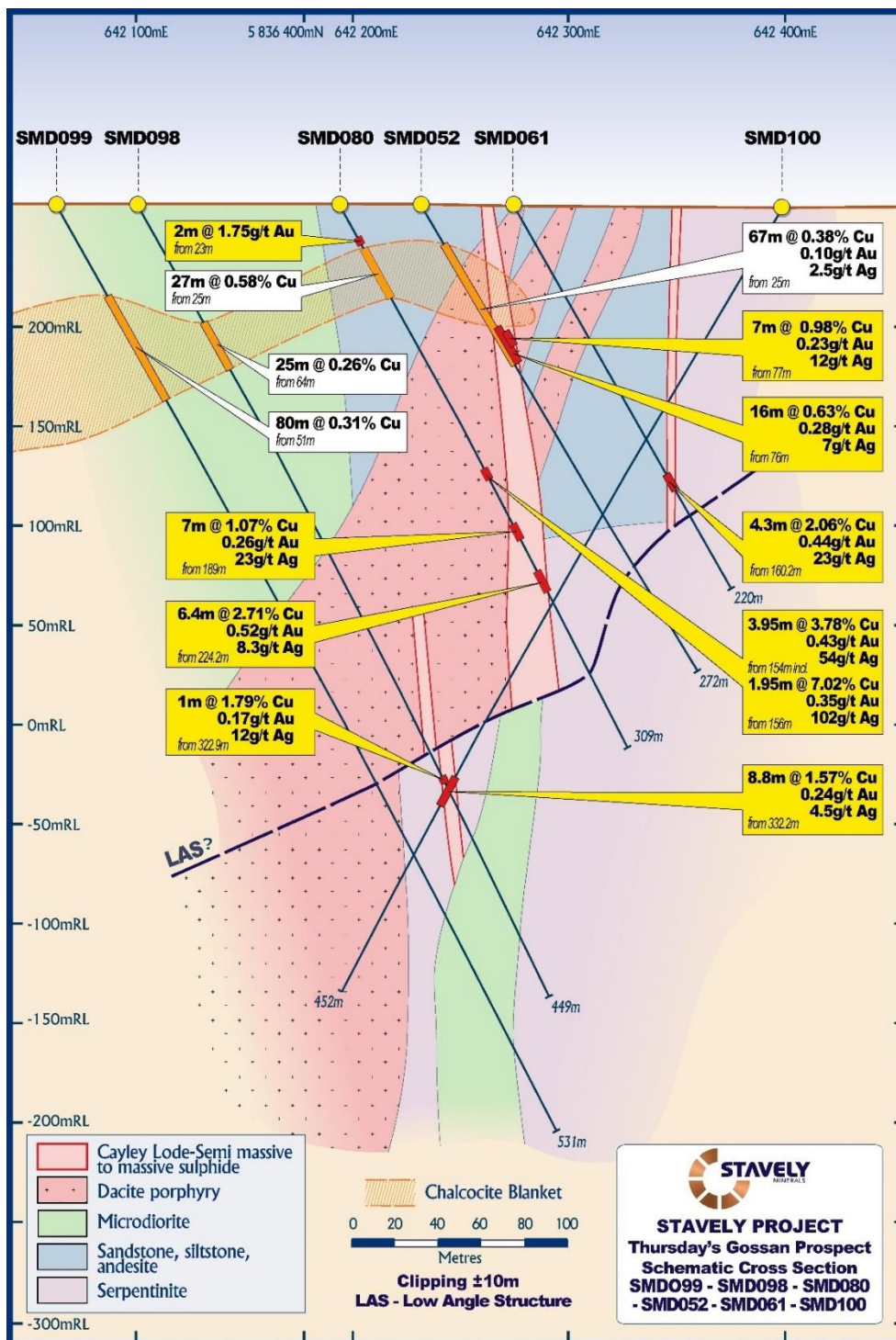


Figure 15. Drill section for SMD099 and SMD100.

Drill hole SMD108 (Figure 16) returned two Cayley Lode intercepts including:

- 21.7m at 2.06% Cu, 0.53g/t Au and 17g/t Ag from 150.9m down-hole, including:
  - 6.3m at 3.57% Cu, 1.17g/t Au and 25g/t Ag from 164.9m; and
- 10m at 1.33% Cu, 0.16g/t Au and 7.8g/t Ag, from 254.6m down-hole, including:
  - 4.4m at 2.24% Cu, 0.29g/t Au and 12g/t Ag from 255.2m

Diamond drill hole SMD106 (Figure 17), part of the north-west Cayley Lode Mineral Resource extensional drilling, intersected shallow high-grade copper-gold-silver mineralisation:

- 48m at 1.39% Cu, 6.33g/t Au and 12g/t Ag from 85m down-hole, including:
  - 16.7m at 3.13% Cu, 17.93g/t Au and 29g/t Ag from 115m, including:
    - 2m at 0.74% Cu, 132g/t Au and 38g/t Ag from 116m, and
  - 0.9m at 21.10% Cu, 17.45g/t Au and 232g/t Ag from 130.8m

Drill hole SMD121 (Figure 18) returned two Cayley Lode intercepts within a broader copper-gold-silver mineralised interval including:

- 73m at 0.64% Cu, 0.70g/t Au and 6.8g/t Ag from 104m down-hole, including
  - 1.6m at 1.72% Cu, 20.47g/t Au and 30g/t Ag from 110.4m, and
  - 27m at 1.04% Cu, 0.46g/t Au and 11g/t Ag from 150m, including
    - 7m at 2.56% Cu, 1.00g/t Au and 19g/t Ag from 170m

Drill hole SMD130 intercepted a large low-grade shallow intercept in the chalcocite-enriched blanket of 59m at 0.48% Cu from 15m down-hole including a higher-grade intercept of (Figure 19):

- 3m at 1.82% Cu from 37m

Drill hole SMD130 also intercepted the Cayley Lode above the LAS including:

- 13.05m at 0.83% Cu, 0.26g/t Au and 5.5g/t Ag from 127m down-hole, including:
  - 2.05m at 1.76% Cu, 0.39g/t Au and 7.0g/t Ag from 138m

In addition, SMD130 returned a base-metal – precious metal intercept of

- 5m @ 1.24 g/t Au, 35 g/t Ag and 6.09% Zn from 181m down-hole, including:
  - 1m @ 1.67 g/t Au, 149g/t Ag, 0.87% Cu, 0.12% Pb and 25% Zn from 181m

Drill hole SMD134 (Figure 20) located in the north-west intercepted:

- 44.2m at 0.61% Cu, 0.26g/t Au and 6.2g/t Ag from 101m down-hole, including:
  - 11.2m at 1.71% Cu, 0.59g/t Au and 17g/t Ag from 134m; including a basal intercept of
  - 1.4m at 3.18% Cu, 0.39g/t Au and 44g/t Ag from 148.4m

Unfortunately, in drill hole SMD134, most of the basal contact – usually the best-developed copper-gold-silver mineralised portion of a typical Cayley Lode intercept – was ‘lost core’ with 4.6 metres lost over the interval 143.8m to 148.4m. As a result, the drill rig was shifted 10 metres to the north-west and the hole was re-drilled as SMD140.

SMD140 (Figure 20) intersected a similar mineralised interval without core loss, confirming the previously reported intercept in SMD134 that had suffered 4m of lost drill core on the normally well-mineralised basal contact. SMD140 intercepts including:

- 49.2m at 0.96% Cu, 0.28g/t Au and 11g/t Ag from 93.8m down-hole, including:
  - 2.6m at 2.16% Cu, 0.55g/t Au and 10g/t Ag from 94.4m, and
  - 4m at 2.42% Cu, 0.56g/t Au and 25g/t Ag from 114m, and
  - 9m at 1.95% Cu, 0.43g/t Au and 17g/t Ag from 127m

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Drill hole SMD135 (Figure 21) returned two intercepts – the first a shallow intercept interpreted to be the CLS and the second deeper intercept is the Cayley Lode:

- 26.4m at 1.17% Cu, 0.17g/t Au and 8.0g/t Ag from 66.6m downhole, including:
  - 6.4m at 4.02% Cu, 0.50g/t Au and 29g/t Ag from 66.6m, including:
    - 1m at 21.2% Cu, 1.75g/t Au and 142g/t Ag from 67.3m
- 13m at 1.54% Cu, 2.2g/t Au and 203g/t Ag from 121m downhole, including
  - 1m at 10.05% Cu, 25.2g/t Au and 2,540g/t Ag from 133m

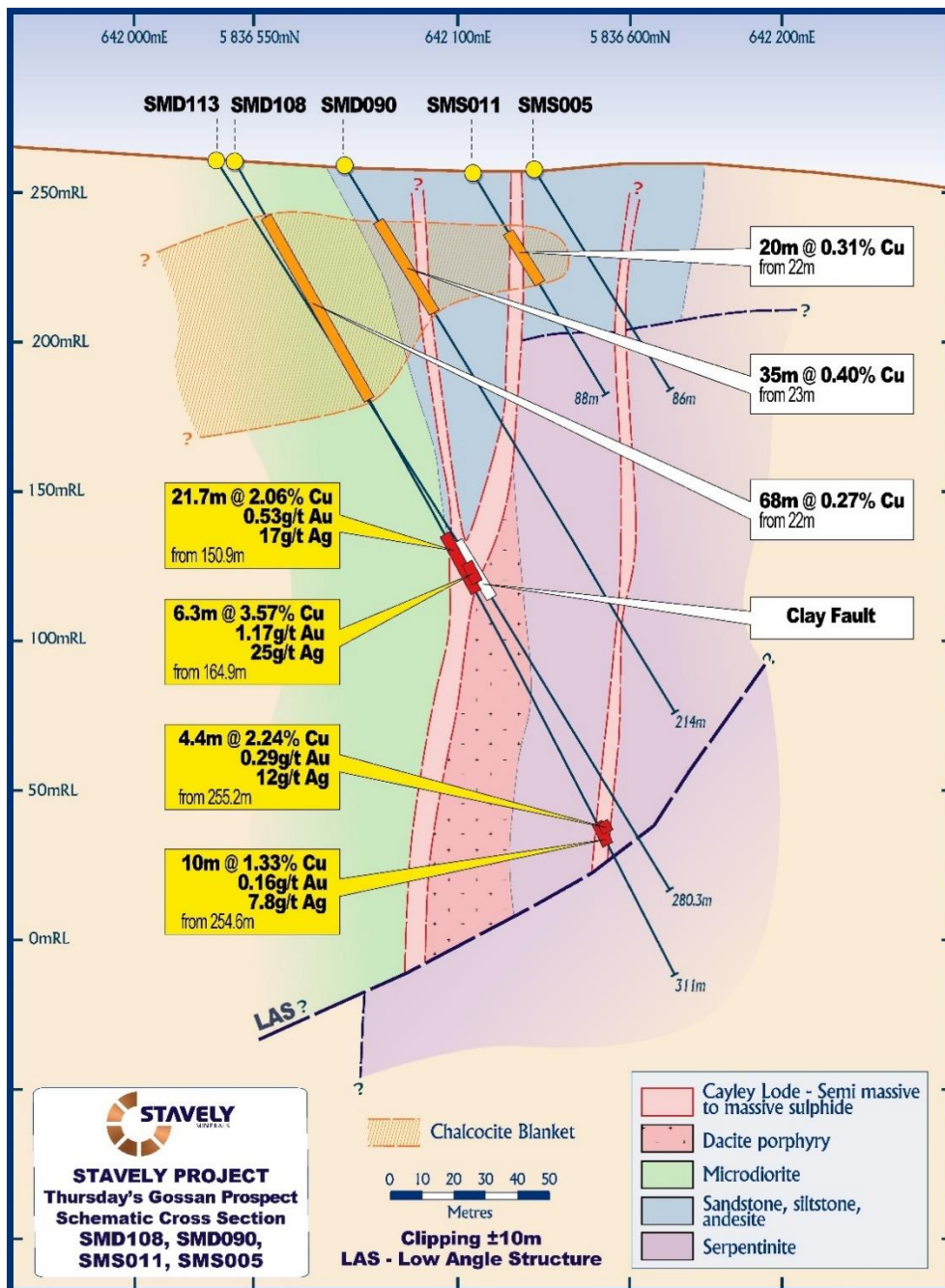


Figure 16. Drill section for SMD108.

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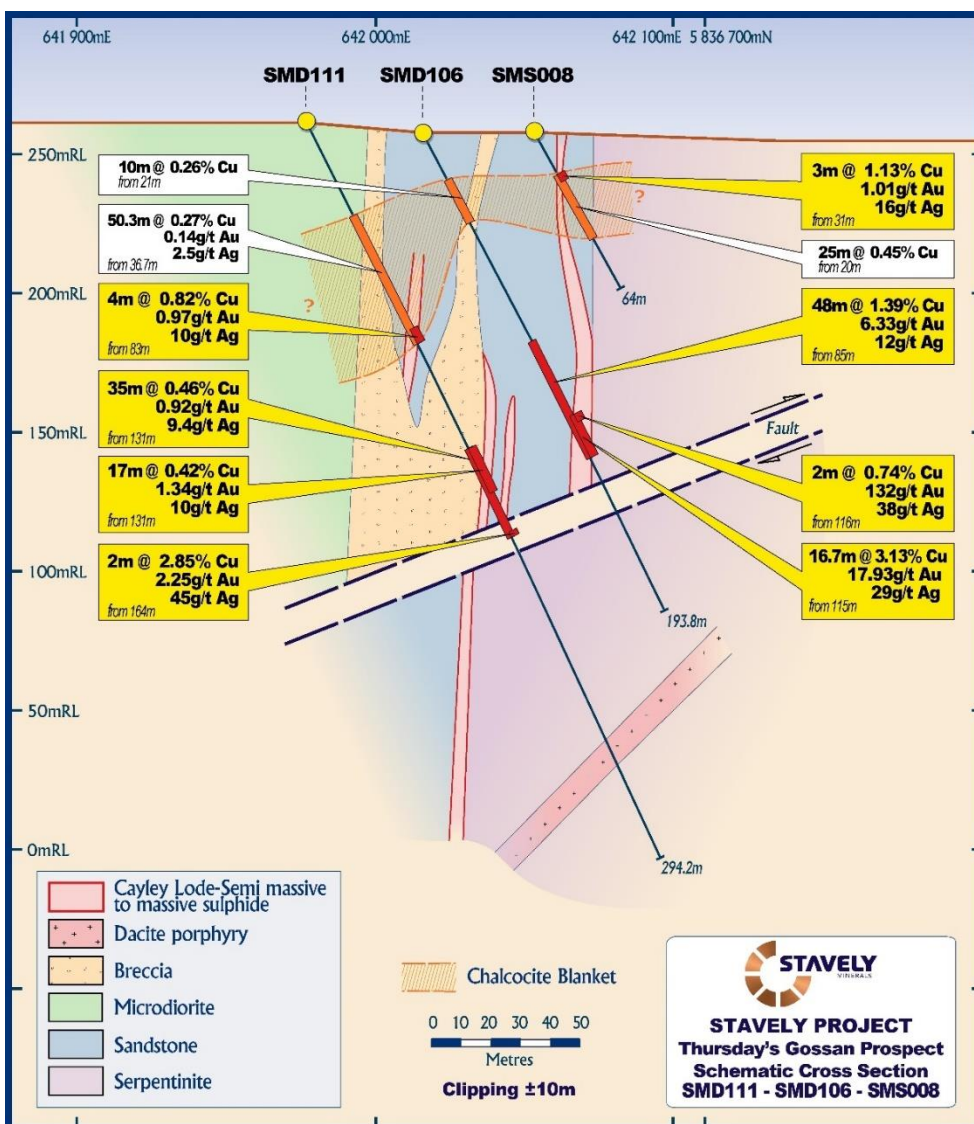


Figure 17. Drill section for SMD106.



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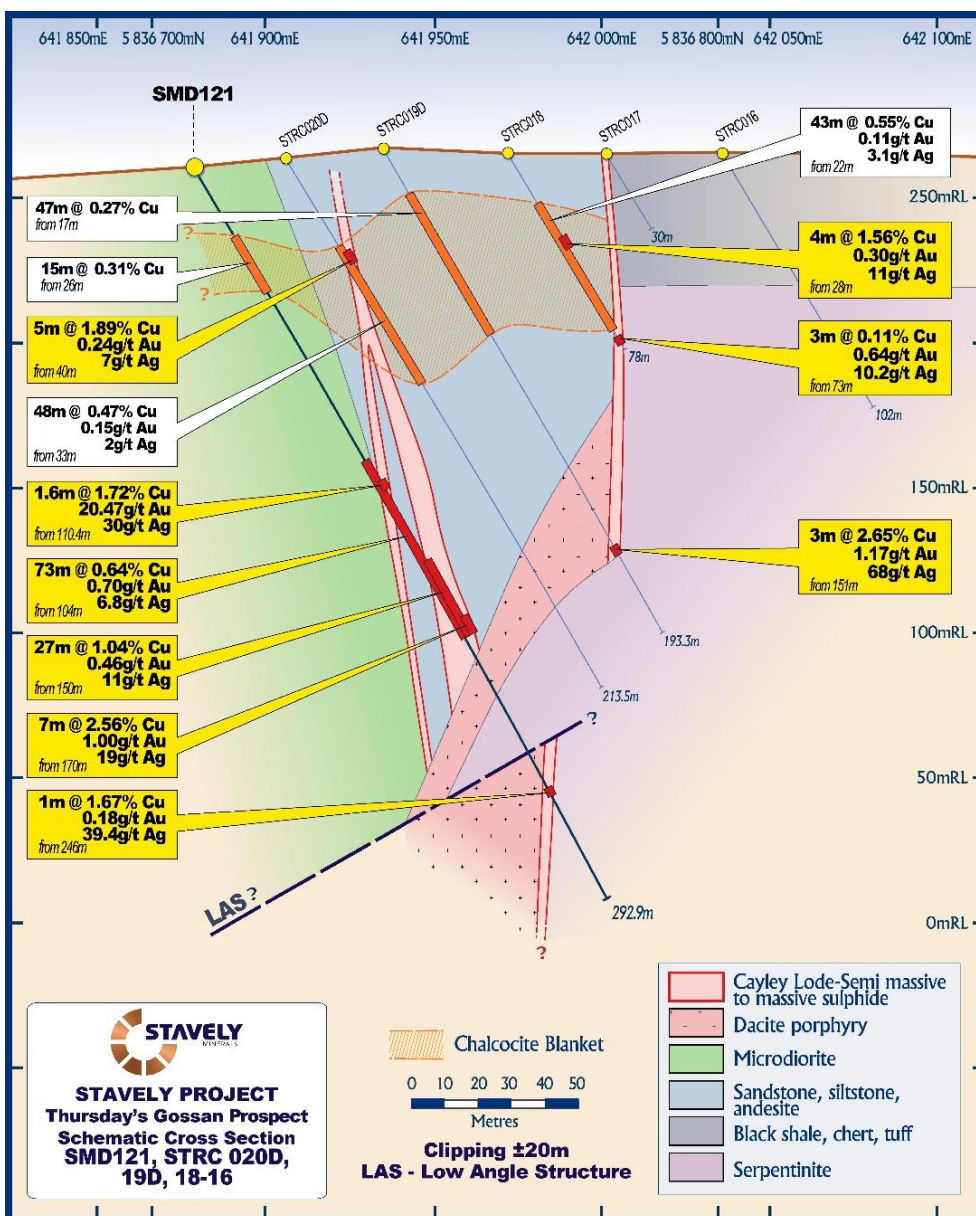


Figure 18. Drill section for SMD121.

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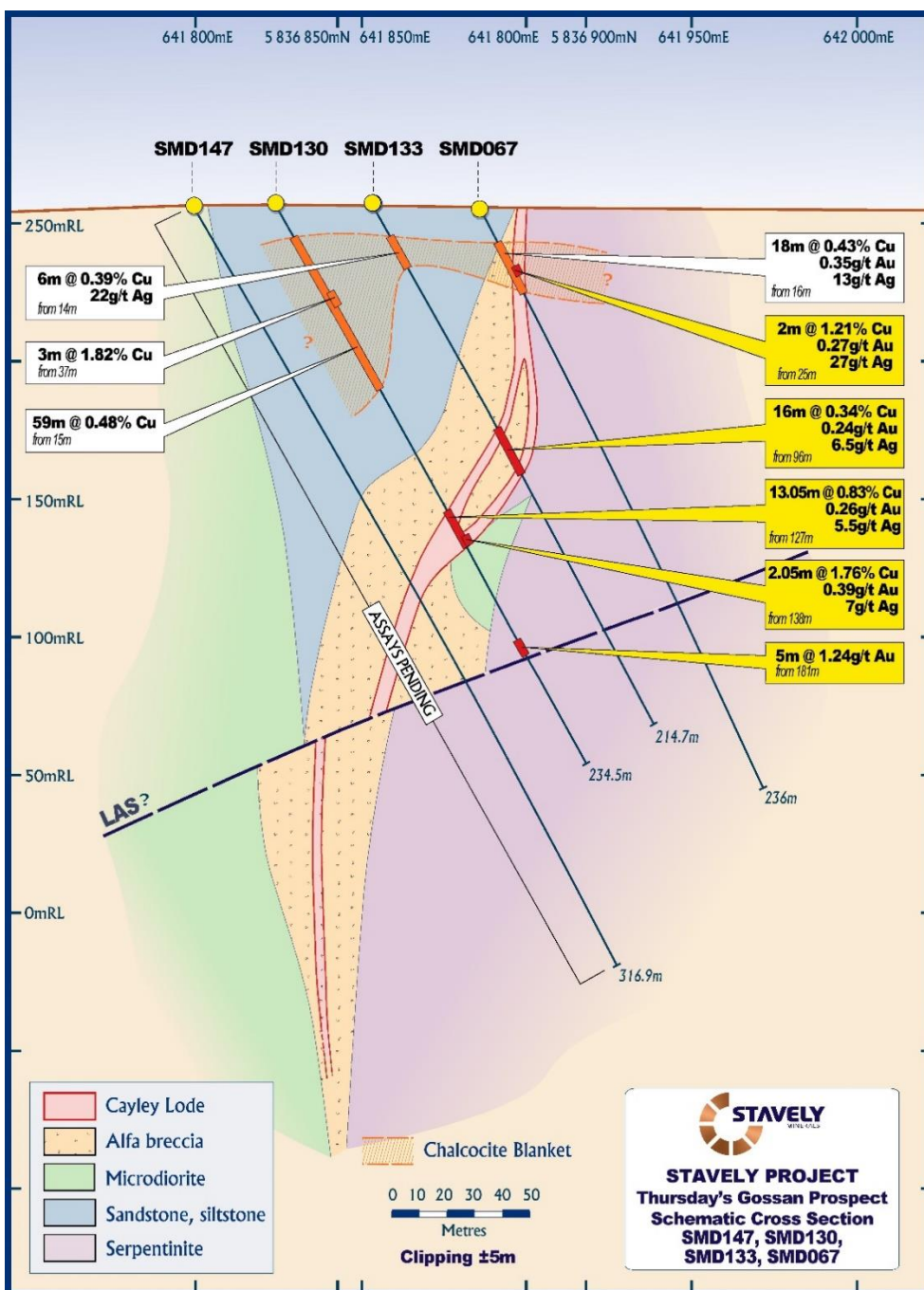


Figure 19. Drill section for SMD130.

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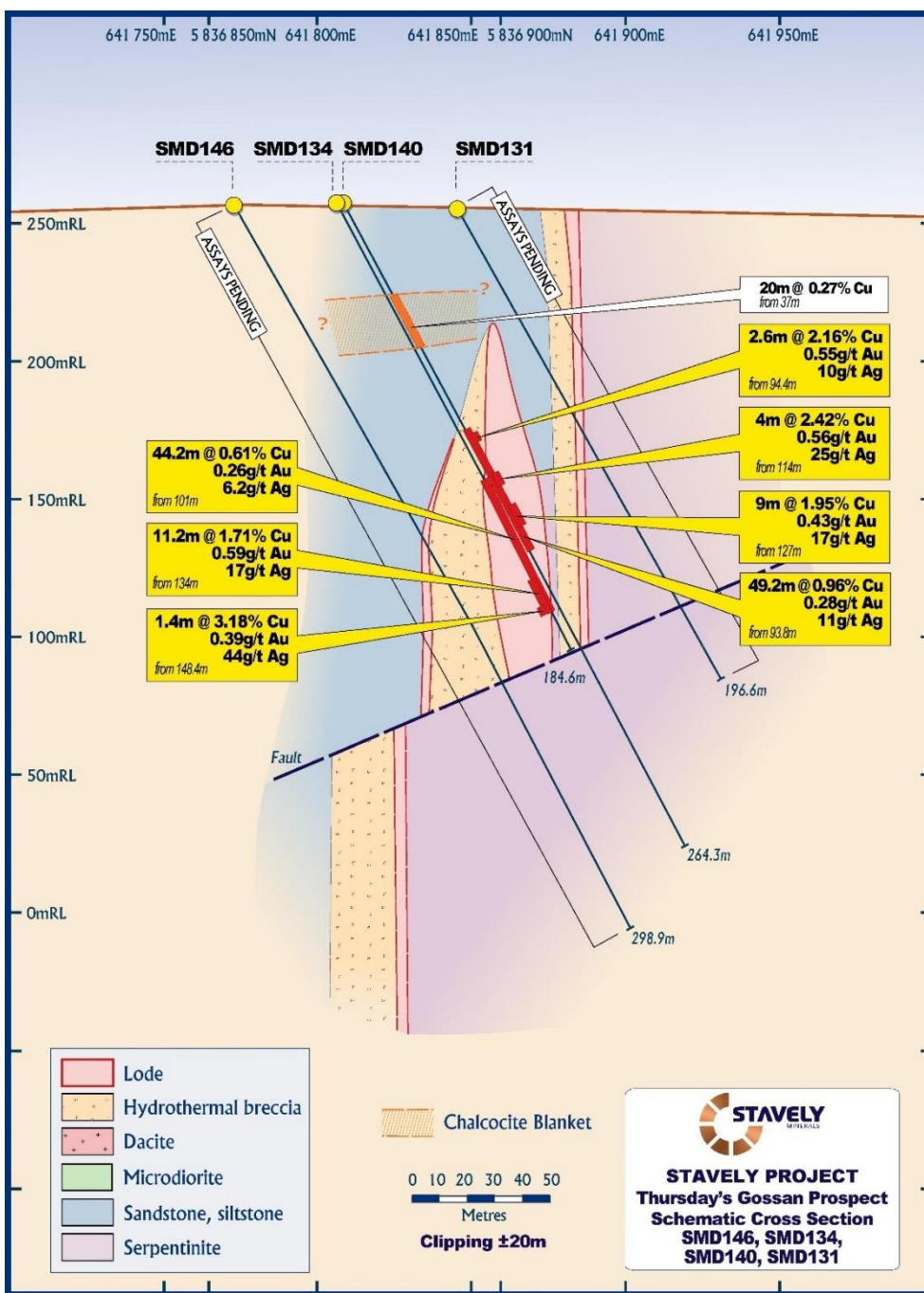


Figure 20. Drill section SMD134 and SMD140.



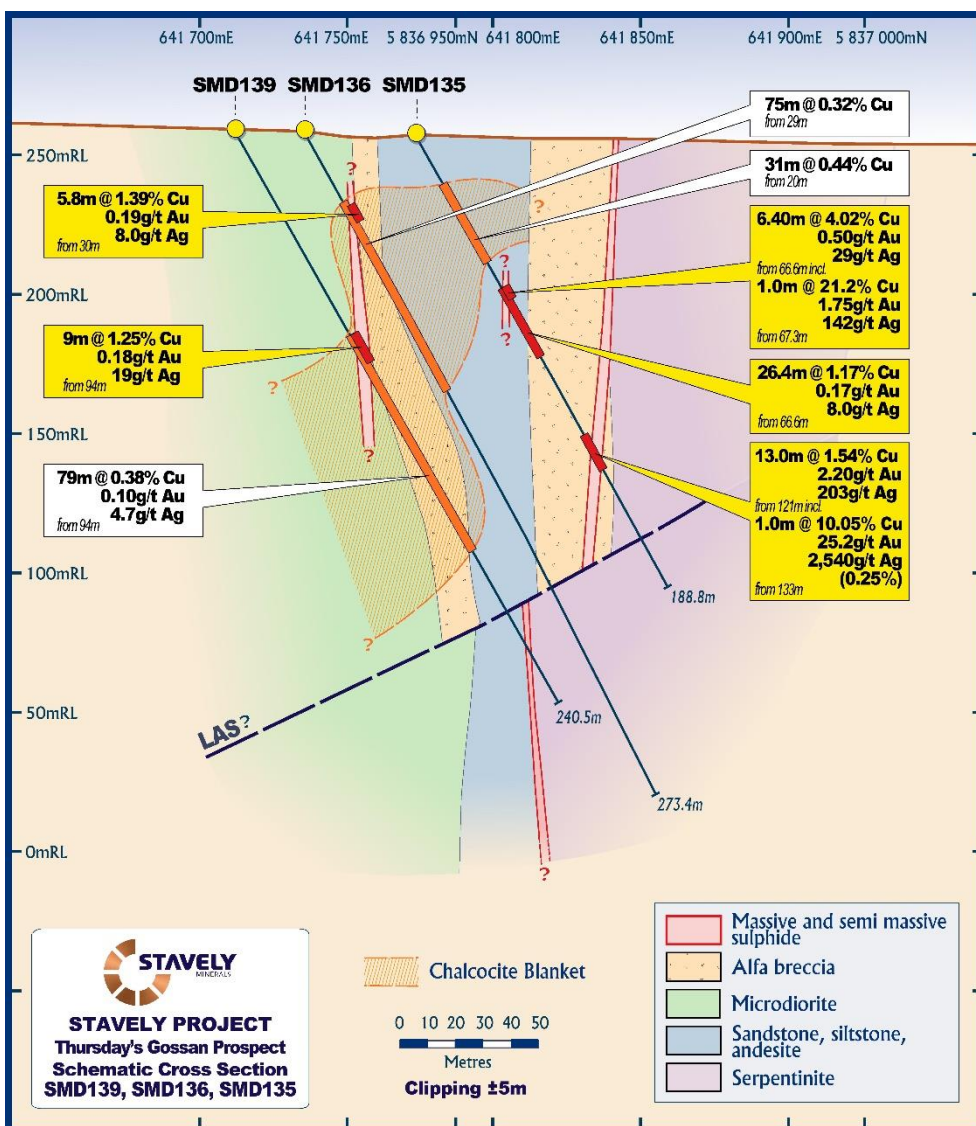


Figure 21. Drill section for SMD135.

**Black Range Joint Venture Project**

During the year, work conducted on the Black Range JV included a Falcon™ airborne gravity gradiometer survey flown over the entire tenement and a small soil auger program.

**Yarram Park Project**

The Yarram Park Project is located within an area where interpretation of regional aeromagnetic data has identified the presence of an offset portion of the Bunnagul Belt (another volcanic belt located to the west of the Stavely 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, air-core drilling at the Toora West prospect, ~15km north-west of Thursday’s Gossan, returned strong indications of an underlying copper-molybdenum porphyry system (Figure 22).

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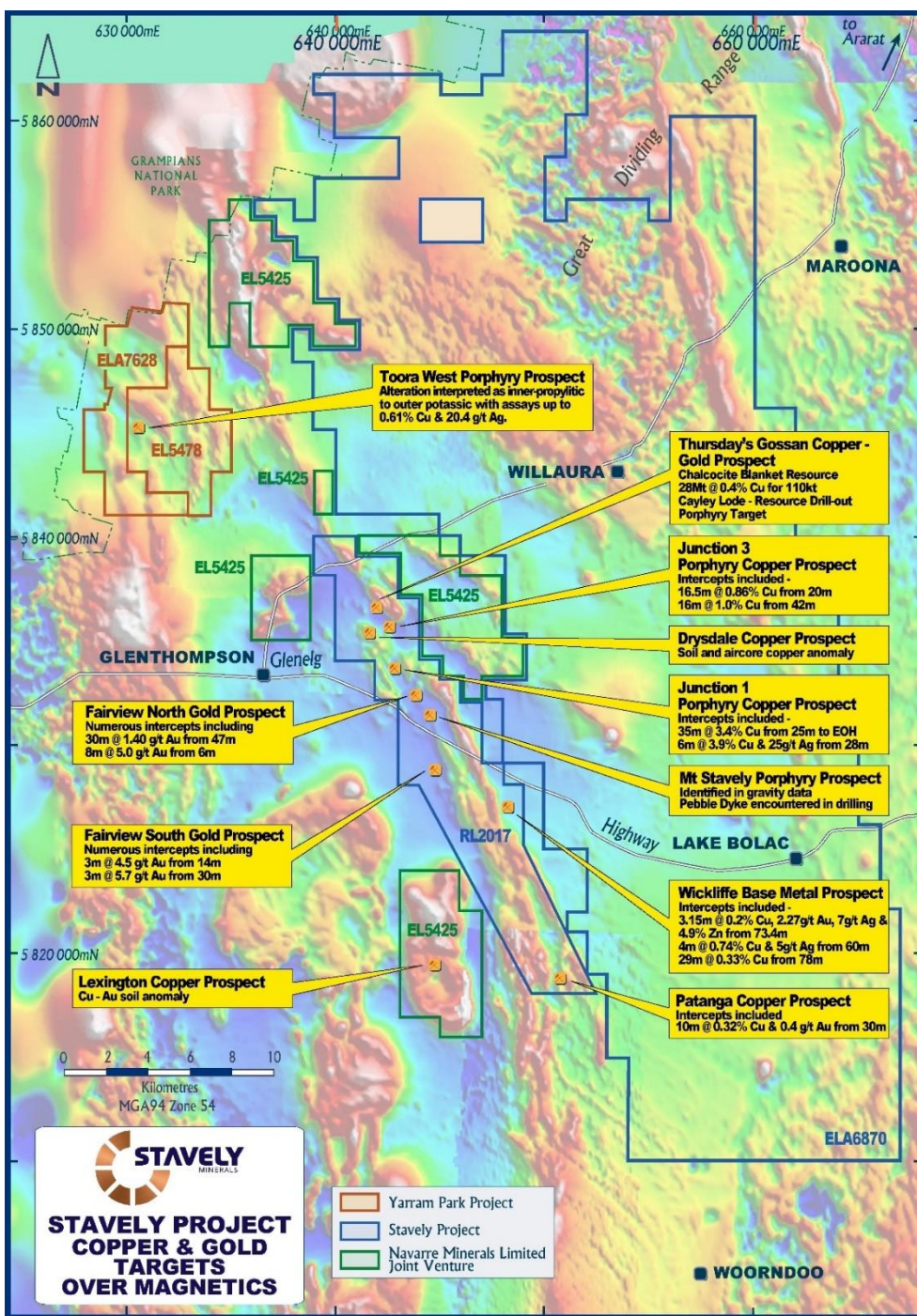


Figure 22. Toora West prospect location plan.

**Toora West Prospect**

A first-pass 32-hole air-core drilling program was conducted at the Toora West prospect, with the intention of providing a pathfinder signature for copper-gold porphyry style mineralisation (Figure 23). The Project is covered by Quaternary sediments, including fluvial sands, silts and gravels, swamp deposits of silt and clay, and aeolian sand dunes. The air-core drilling was conducted to a depth at which in-situ saprock was intersected.

Both the initial and follow-up air-core drilling program at the Toora West prospect provide strong evidence of a second emerging porphyry discovery in the Stavelly Arc. The air-core drilling returned assays of up to 0.61% Cu and 20.4 g/t Ag (Figure 24). Visual observations from both the original and follow-up air-core programs have noted widespread weak-to-moderate pyrite, chalcopyrite and molybdenite sulphide and secondary chalcocite mineralisation extending over an area ~1km east-west to 2km north-south and which remains open in all

directions. In addition, the observed mineralisation is associated with alteration interpreted as inner-propylitic to outer potassic in character, meaning the target higher-grade potassic porphyry zone is likely to be near-surface (Figure 25).

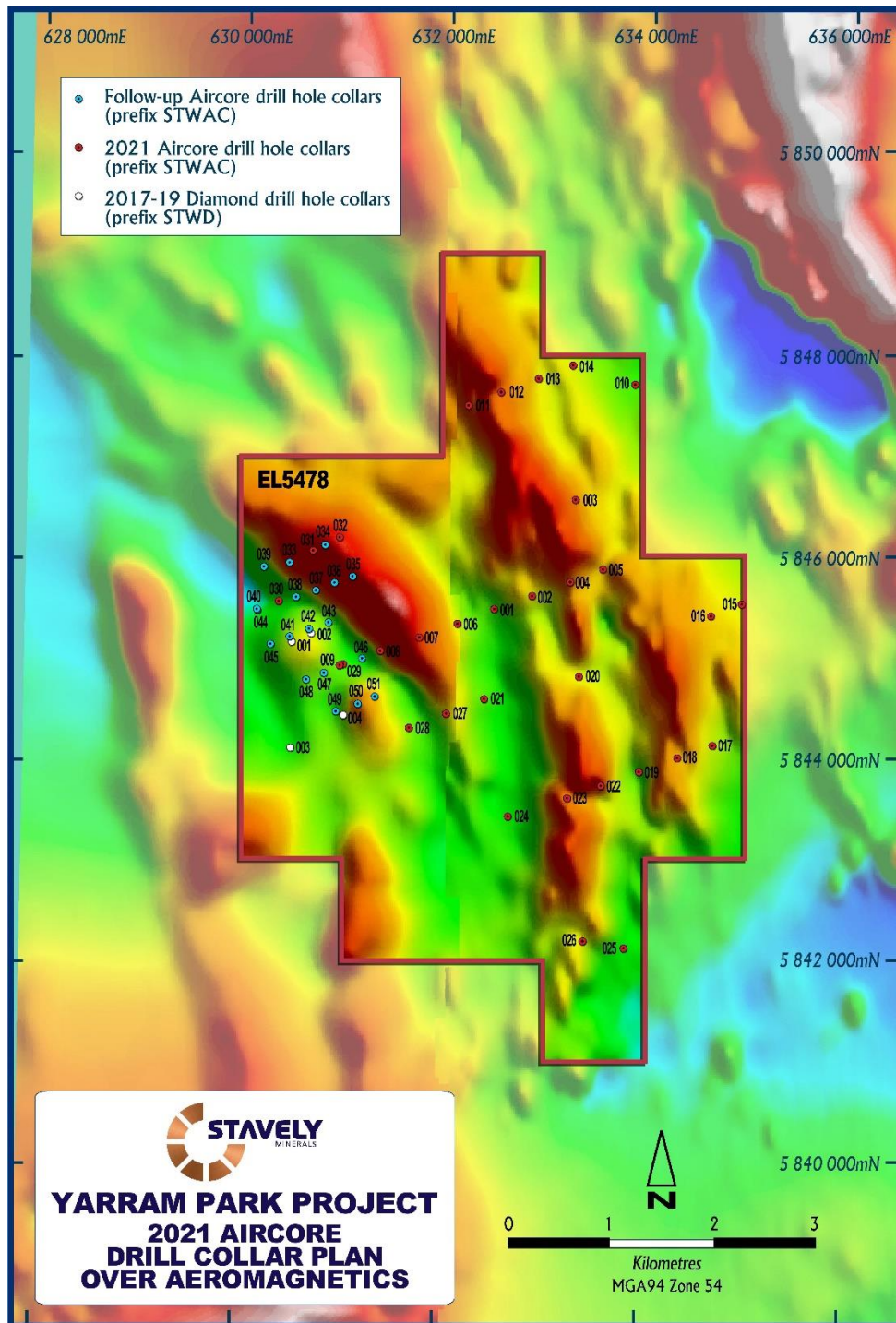


Figure 23. Air-core drill collar locations at the Toora West porphyry prospect on 1VD magnetics.

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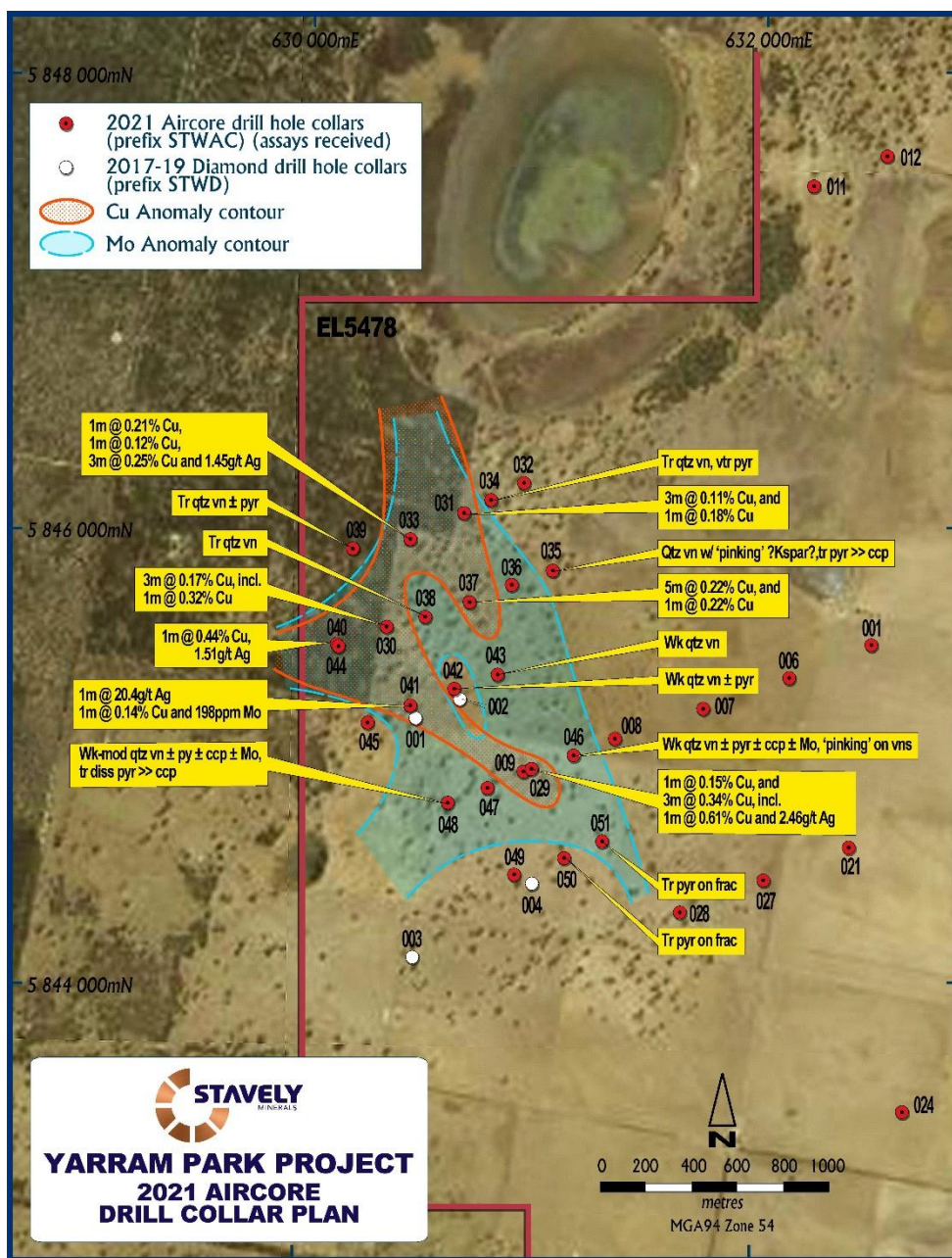


Figure 24. Assay grades and observed mineralisation/alteration for reconnaissance air-core drilling completed to date.

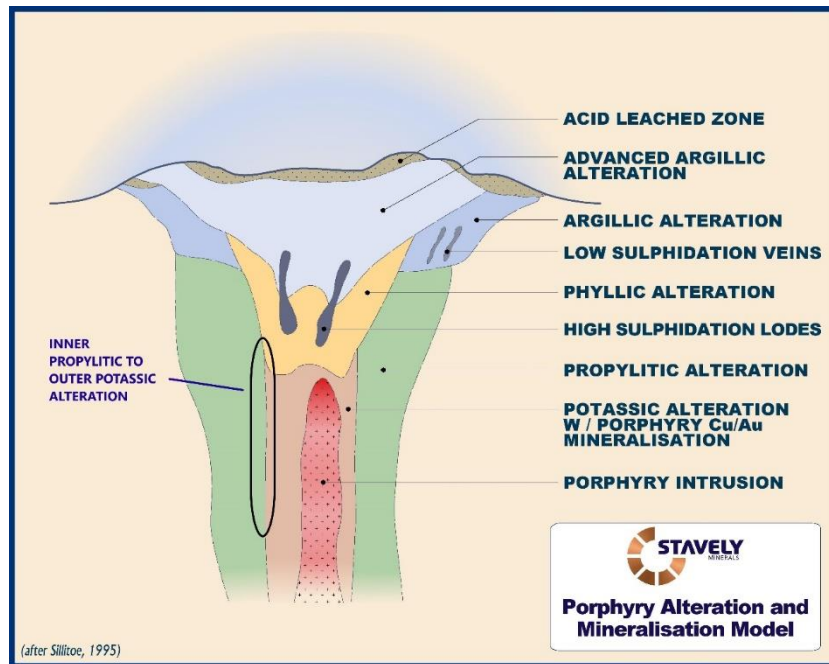


Figure 25. Porphyry alteration and mineralisation model showing location of outer propylitic / outer potassic alteration (after Sillitoe, 1995).

**Ravenswood Project**

No exploration was conducted on the Ravenswood Project, located in north Queensland, during the year (Figure 26). In March 2021, the Company completed the divestment of its non-core Ravenswood Project to Sunshine Gold Limited (ASX: SHN).

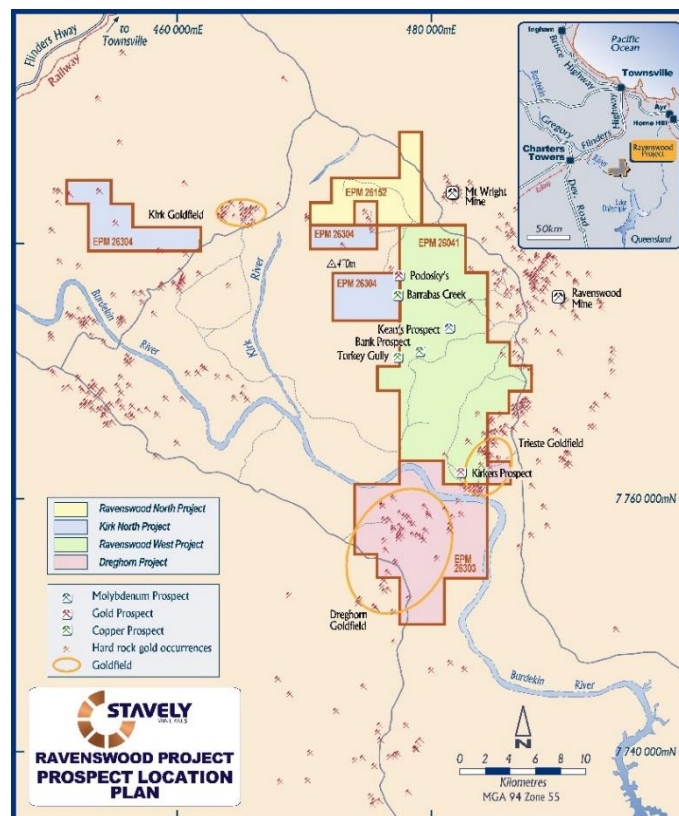


Figure 26. Ravenswood Project location plan.

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**Tasmania and Central Victoria**

During the year, the Company did not conduct any on-ground exploration on the tenements in northeast Tasmania or the central Victorian tenement (Figure 27 and Figure 28). In December 2020, the Company completed the divestment of its Mathinna/Alberton and Lefroy Goldfields tenements located in Northeast Tasmania, as well as its Fosterville East tenement in Victoria, to Nubian Resources Ltd (TSX-V: NBR).

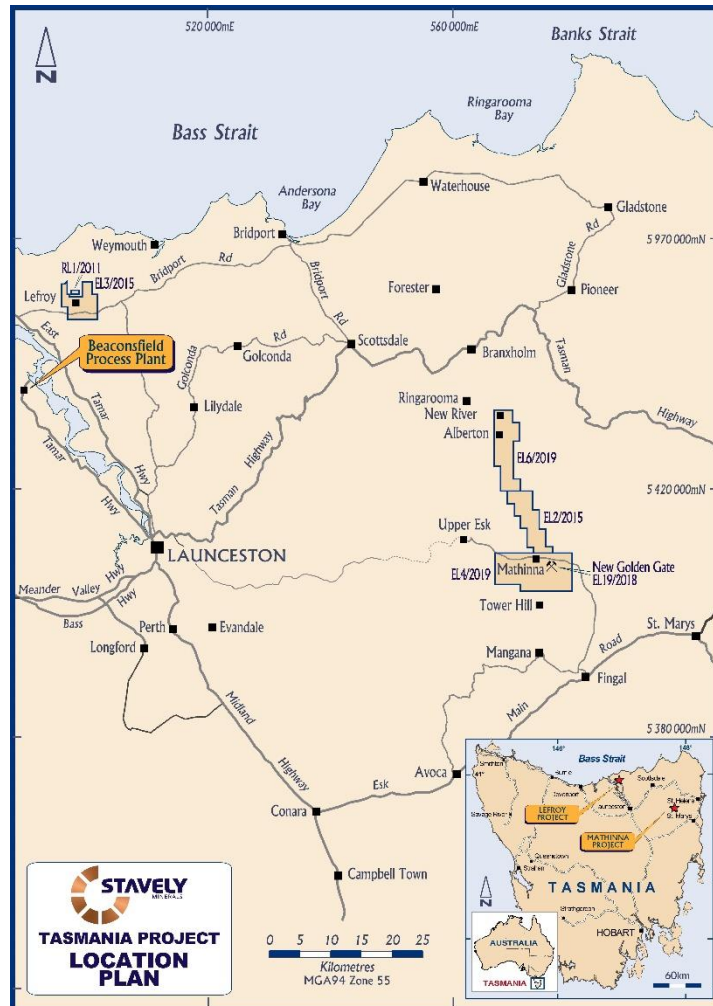


Figure 27. Tasmania Project location plan.

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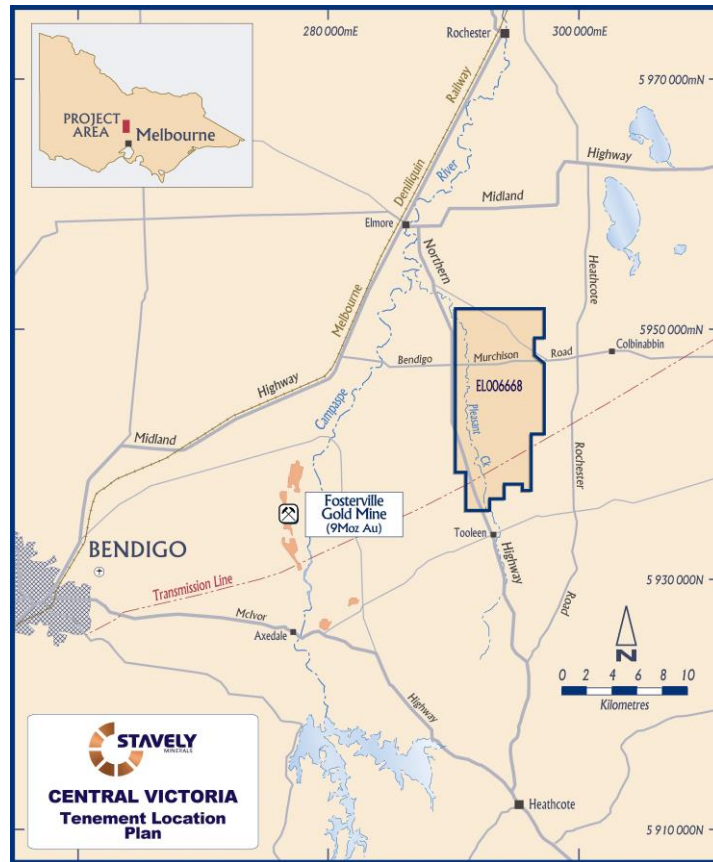


Figure 28. Central Victoria Project location plan.

Thursday's Gossan Prospect – Cayley Lode Collar Table

| MGA 94 zone 54 |           |        |         |                 |           |                    |   |
|----------------|-----------|--------|---------|-----------------|-----------|--------------------|---|
| Hole id        | Hole Type | East   | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m) | Comments  |
| SMD071         | DD        | 642616 | 5835650 | -60/59.5        | 264       | 562.6              | Re-entered 1 June 2021  |
| SMD090         | DD        | 642068 | 5836563 | -60/59.5        | 262       | 213.8              |   |
| SMD091         | DD        | 642374 | 5836383 | -60/59.5        | 262       | 191                |   |
| SMD092         | DD        | 642346 | 5836411 | -60/59.5        | 262       | 222                |   |
| SMD093         | DD        | 642153 | 5836294 | -60/59.5        | 262       | 515.1              |   |
| SMD093W1       | DD        | 642153 | 5836294 | -60/57.4        | 262       | 339.1              | SMD093W1 is wedged off SMD093 in order to recover lost core through the Cayley Lode in SMD093 |
| SMD094         | DD        | 642205 | 5836237 | -60/59.5        | 262       | 608.3              |   |
| SMD094W1       | DD        | 642205 | 5836237 | -60/57.0        | 262       | 281.1              | SMD094W1 is wedged off SMD094 in order to recover lost core through the Cayley Lode in SMD093 |
| SMD095         | DD        | 642205 | 5836237 | -60/59.5        | 262       | 304.6              |   |
| SMD096         | DD        | 642319 | 5836284 | -60/71.5        | 262       | 287.7              |   |
| SMD097         | DD        | 642319 | 5836284 | -60/88.5        | 262       | 298.6              |   |
| SMD098         | DD        | 642102 | 5836364 | -60/59.5        | 262       | 449.1              |   |
| SMD099         | DD        | 642063 | 5836352 | -60/59.5        | 262       | 531                |   |
| SMD100         | DD        | 642396 | 5836495 | -60/239         | 259       | 451.8              |   |
| SMD101         | DD        | 642044 | 5836427 | -70/59          | 260       | 379.7              |   |
| SMD102         | DD        | 642471 | 5836355 | -60/223         | 260       | 350.6              |   |
| SMD103         | DD        | 642196 | 5836425 | -60/59          | 261       | 214.6              |   |
| SMD104         | DD        | 642225 | 5836386 | -60/59          | 261       | 285.6              |   |
| SMD105         | DD        | 642009 | 5836628 | -60/59          | 258       | 315.6              |   |
| SMD106         | DD        | 642015 | 5836661 | -60/59          | 258       | 193.8              |   |
| SMD107         | DD        | 642471 | 5836359 | -60/59          | 260       | 232.8              |   |
| SMD108         | DD        | 642031 | 5836548 | -60/59          | 260       | 310.7              |   |
| SMD109         | DD        | 642261 | 5836257 | -60/59          | 260       | 399.2              |   |
| SMD110         | DD        | 642000 | 5836699 | -60/59          | 260       | 252.4              |   |
| SMD111         | DD        | 641977 | 5836648 | -60/59          | 260       | 294.2              |   |
| SMD112         | DD        | 641971 | 5836718 | -60/59          | 260       | 274.4              |   |
| SMD113         | DD        | 642031 | 5836553 | -58/56          | 260       | 280.3              |   |
| SMD114         | DD        | 641558 | 5835953 | -65/59          | 260       | 1844.8             |   |
| SMD115         | DD        | 641995 | 5836579 | -60/59          | 261       | 296.3              |   |
| SMD116         | DD        | 641972 | 5836613 | -60/58          | 261       | 304.2              |   |
| SMD117         | DD        | 641940 | 5835842 | -60/58          | 261       | 1711.8             |   |
| SMD118         | DD        | 641936 | 5836691 | -60/52          | 261       | 247.9              |   |
| SMD119         | DD        | 641927 | 5836771 | -60/59          | 262       | 246.5              |   |
| SMD120         | DD        | 641896 | 5836793 | -62/58          | 261       | 233                |   |
| SMD121         | DD        | 641875 | 5836711 | -60/60          | 261       | 292.9              |   |
| SMD122         | DD        | 641926 | 5836671 | -60/58          | 261       | 292.6              |   |

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Thursday's Gossan Prospect – Cayley Lode Collar Table

| MGA 94 zone 54 |           |        |         |                 |           |                    |           |
|----------------|-----------|--------|---------|-----------------|-----------|--------------------|-----------|
| Hole id        | Hole Type | East   | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m) | Comments  |
| SMD123         | DD        | 642209 | 5836316 | -60/59          | 261       | 380.1              |           |
| SMD124         | DD        | 641858 | 5836779 | -60/59          | 261       | 242.8              |           |
| SMD125         | DD        | 641885 | 5836827 | -60/59          | 261       | 168.5              |           |
| SMD126         | DD        | 641846 | 5836813 | -60/59          | 257       | 248                |           |
| SMD127         | DD        | 641849 | 5836739 | -60/59          | 258       | 289.9              |           |
| SMD128         | DD        | 641887 | 5836759 | -60/59          | 257       | 256.5              |           |
| SMD129         | DD        | 641821 | 5836766 | -60/59          | 258       | 269.7              |           |
| SMD130         | DD        | 641824 | 5836837 | -60/59          | 260       | 234.5              |           |
| SMD131         | DD        | 641851 | 5836885 | -60/59          | 262       | 196.6              |           |
| SMD132         | DD        | 641898 | 5836677 | -60/53          | 261       | 302.8              |           |
| SMD133         | DD        | 641858 | 5836854 | -60/59          | 261       | 214.7              |           |
| SMD134         | DD        | 641806 | 5836878 | -60/59          | 261       | 184.6              |           |
| SMD135         | DD        | 641773 | 5836945 | -60/59          | 261       | 188.8              |           |
| SMD136         | DD        | 641736 | 5836932 | -60/59          | 261       | 273.4              |           |
| SMD137         | DD        | 641731 | 5837009 | -60/59          | 257       | 211                |           |
| SMD138         | DD        | 641691 | 5836994 | -60/59          | 258       | 249.3              |           |
| SMD139         | DD        | 641728 | 5836900 | -60/59          | 258       | 240.5              |           |
| SMD140         | DD        | 641801 | 5836887 | -60/59          | 257       | 264                |           |
| SMD141         | DD        | 641704 | 5837042 | -60/59          | 257       | 237.2              |           |
| SMD142         | DD        | 641685 | 5837073 | -60/59          | 257       | 232.9              |           |
| SMD143         | DD        | 641665 | 5837027 | -60/59          | 258       | 249.4              |           |
| SMD144         | DD        | 641661 | 5836957 | -60/130         | 259       | 279.4              |           |
| SMD145         | DD        | 641648 | 5837059 | -60/59          | 257       | 264.3              |           |
| SMD146         | DD        | 641777 | 5836855 | -60/59          | 257       | 298.9              |           |
| SMD147         | DD        | 641799 | 5836823 | -60/59          | 257       | 316.9              |           |
| SMD148         | DD        | 641981 | 5836424 | -60/59          | 257       | 651.5              |           |
| SMD149         | DD        | 641930 | 5836640 | -60/59          | 257       | 326.5              |           |
| SMD150         | DD        | 641815 | 5836800 | -60/59          | 257       | 278.5              |           |
| SMD151         | DD        | 642129 | 5836210 | -60/59          | 257       | 901.4              |           |
| SMD152         | DD        | 642196 | 5836351 | -60/59          | 257       | 354.2              |           |
| SMD153         | DD        | 642029 | 5836513 | -60/59          | 257       | 19.1               | Abandoned |
| SMD154         | DD        | 641845 | 5836570 | -60/59          | 262       | 451                |           |
| SMD155         | DD        | 641903 | 5836490 | -60/59          | 262       | 463.6              |           |
| SMD156         | DD        | 642157 | 5836387 | -60/59          | 262       | 355.9              |           |
| SMD156W1       | DD        | 642157 | 5836387 | -60/59          | 262       | 291.1              |           |
| SMD157         | DD        | 642077 | 5836264 | -60/59          | 262       | 533.2              |           |
| SMD158         | DD        | 642054 | 5836182 | -60/59          | 262       | 669.4              |           |

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Thursday's Gossan Prospect – Cayley Lode Collar Table

| MGA 94 zone 54 |           |        |         |                 |           |                    |          |
|----------------|-----------|--------|---------|-----------------|-----------|--------------------|----------|
| Hole id        | Hole Type | East   | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m) | Comments |
| SMD159         | DD        | 642536 | 5836394 | -60/180         | 262       | 642.6              |          |
| SMD160         | DD        | 642167 | 5836085 | -60/49          | 262       | 717.5              |          |
| SMD161         | DD        | 642393 | 5835880 | -60/49          | 262       | 718.7              |          |
| SMD162         | DD        | 642480 | 5835930 | -60/49          | 262       | 593.4              |          |
| SMS012         | Sonic     | 642193 | 5836530 | -60/239.5       | 261       | 80                 |          |
| SMS013         | Sonic     | 642212 | 5836497 | -60/234.5       | 262       | 58                 |          |

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**Thursday's Gossan Prospect – Cayley Lode Intercept Table.**

| MGA 94 zone 54 |           |        |         |                 |           |                                  | Intercept              |           |              |           |             |             |           |
|----------------|-----------|--------|---------|-----------------|-----------|----------------------------------|------------------------|-----------|--------------|-----------|-------------|-------------|-----------|
| Hole id        | Hole Type | East   | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m)               | From<br>(m)            | To<br>(m) | Width<br>(m) | Cu<br>(%) | Au<br>(g/t) | Ag<br>(g/t) | Ni<br>(%) |
| SMD071         | DD        | 642616 | 5835650 | -60/59.5        | 264       | 562.6                            | Assays Pending         |           |              |           |             |             |           |
| SMD090         | DD        | 642068 | 5836563 | -60/59.5        | 262       | 213.8<br>Incl.                   | 23                     | 58        | 35           | 0.40      |             |             |           |
|                |           |        |         |                 |           |                                  | 54                     | 56        | 2            | 1.10      | 1.06        | 18          |           |
| SMD091         | DD        | 642374 | 5836383 | -60/59.5        | 262       | 191                              | No Significant Results |           |              |           |             |             |           |
| SMD092         | DD        | 642346 | 5836411 | -60/59.5        | 262       | 222                              | No Significant Results |           |              |           |             |             |           |
| SMD093         | DD        | 642153 | 5836294 | -60/59.5        | 262       | 515.1<br>Incl.<br>Incl.<br>Incl. | 35                     | 334.7     | 299.7        | 0.40      |             |             |           |
|                |           |        |         |                 |           |                                  | 35                     | 99        | 64           | 0.68      |             |             |           |
|                |           |        |         |                 |           |                                  | 36                     | 54        | 18           | 1.11      |             |             |           |
|                |           |        |         |                 |           |                                  | 304.6                  | 334.7     | 30.1         | 1.44      | 0.21        | 4.4         |           |
|                |           |        |         |                 |           | Incl.                            | 306                    | 310       | 4            | 3.17      | 0.26        | 7.5         |           |
| SMD094         | DD        | 642205 | 5836237 | -60/59.5        | 262       | 608.3                            | 50                     | 103       | 53           | 0.39      |             |             |           |
|                |           |        |         |                 |           |                                  | 347                    | 351.9     | 4.9          | 2.14      | 0.33        | 9.8         |           |
| SMD095         | DD        | 642205 | 5836237 | -60/59.5        | 262       | 304.6                            | 28                     | 78        | 50           | 0.40      |             |             |           |
|                |           |        |         |                 |           |                                  | 224                    | 234       | 10           | 2.33      | 0.45        | 20          |           |
| SMD096         | DD        | 642319 | 5836284 | -60/71.5        | 262       | 287.7<br>Incl.                   | 33                     | 58        | 25           | 0.52      |             |             |           |
|                |           |        |         |                 |           |                                  | 152                    | 154       | 2            | 1.25      |             | 10          |           |
|                |           |        |         |                 |           |                                  | 220                    | 235       | 15           | 3.26      | 0.62        | 16          |           |
|                |           |        |         |                 |           |                                  | 222                    | 223       | 1            | 2.41      | 24.6        | 16.5        |           |
| SMD097         | DD        | 642319 | 5836284 | -60/88.5        | 262       | 298.6                            | 38                     | 56        | 18           | 0.63      |             |             |           |
|                |           |        |         |                 |           |                                  | 255.8                  | 260.6     | 4.8          | 3.56      | 0.46        | 29          |           |
| SMD098         | DD        | 642102 | 5836364 | -60/59.5        | 262       | 449.1                            | 64                     | 89        | 25           | 0.26      |             |             |           |
| SMD099         | DD        | 642063 | 5836352 | -60/59.5        | 262       | 531                              | 51                     | 131       | 80           | 0.31      |             |             |           |
|                |           |        |         |                 |           |                                  | 183                    | 184       | 1            | 1.79      | 0.47        | 6.4         |           |
| SMD100         | DD        | 642396 | 5836495 | -60/239         | 259       | 451.8                            | 118                    | 121.6     | 3.6          | 0.34      | 0.21        | 13          |           |
|                |           |        |         |                 |           |                                  | 222                    | 226       | 4            | 0.20      | 0.51        | 2.7         |           |
|                |           |        |         |                 |           |                                  | 297                    | 305       | 8            | 0.66      | 0.27        | 7.2         |           |
|                |           |        |         |                 |           |                                  | 332.2                  | 341       | 8.8          | 1.57      | 0.24        | 4.5         |           |
| SMD101         | DD        | 642044 | 5836427 | -70/59          | 260       | 379.7                            | 24                     | 40        | 16           |           | 0.21        | 3.9         |           |
|                |           |        |         |                 |           |                                  | 31                     | 51        | 20           | 0.61      |             |             |           |
|                |           |        |         |                 |           |                                  | 93                     | 94        | 1            | 1.22      | 0.17        | 9.7         |           |
|                |           |        |         |                 |           |                                  | 144                    | 149       | 5            | 0.30      | 0.11        | 2.2         |           |

**Thursday's Gossan Prospect – Cayley Lode Intercept Table**

| MGA 94 zone 54 |           |        |         |                 |           |                    | Intercept       |                  |              |           |             |             |           |  |
|----------------|-----------|--------|---------|-----------------|-----------|--------------------|-----------------|------------------|--------------|-----------|-------------|-------------|-----------|--|
| Hole id        | Hole Type | East   | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m) | From<br>(m)     | To<br>(m)        | Width<br>(m) | Cu<br>(%) | Au<br>(g/t) | Ag<br>(g/t) | Ni<br>(%) |  |
| SMD102         | DD        | 642471 | 5836355 | -60/223         | 260       | 350.6              | 50              | 54               | 4            | 0.16      |             |             |           |  |
|                |           |        |         |                 |           |                    | 134             | 177              | 43           | 0.24      |             |             |           |  |
|                |           |        |         |                 |           |                    | 248.1           | 253              | 4.9          | 1.54      | 0.29        | 4.8         |           |  |
|                |           |        |         |                 |           |                    | 270             | 290              | 20           | 0.25      |             |             |           |  |
| SMD103         | DD        | 642196 | 5836425 | -60/59          | 261       | 214.6              | 24.4            | 59.6             | 35.2         | 0.25      |             |             |           |  |
|                |           |        |         |                 |           |                    | 24.4            | 190              | 165.6        | 0.33      |             |             |           |  |
|                |           |        |         |                 |           |                    | Incl.           | 24.4             | 59.6         | 35.2      | 0.25        |             |           |  |
|                |           |        |         |                 |           |                    | and             | 117              | 147.2        | 30.2      | 0.35        | 0.17        | 2         |  |
| Incl.          | 185       | 188    | 3       | 5.52            | 0.45      | 10                 |                 |                  |              |           |             |             |           |  |
| SMD104         | DD        | 642225 | 5836386 | -60/59          | 261       | 285.6              | 35              | 179              | 144          | 1.04      | 0.15        | 3.4         |           |  |
|                |           |        |         |                 |           |                    | Incl.           | 95               | 179          | 84        | 1.55        | 0.23        | 5.0       |  |
|                |           |        |         |                 |           |                    | Incl.           | 151              | 179          | 28        | 3.31        | 0.49        | 7.1       |  |
| SMD105         | DD        | 642009 | 5836628 | -60/59          | 258       | 315.6              | 22              | 29               | 7            | 0.30      |             |             |           |  |
|                |           |        |         |                 |           |                    | 126             | 139              | 13           | 0.40      | 0.37        | 8           |           |  |
| SMD106         | DD        | 642015 | 5836661 | -60/59          | 258       | 193.8              | 85 <sup>1</sup> | 133              | 48           | 1.39      | 6.33        | 12          |           |  |
|                |           |        |         |                 |           |                    | Incl.           | 115 <sup>2</sup> | 131.7        | 16.7      | 3.13        | 17.93       | 29        |  |
|                |           |        |         |                 |           |                    | Incl.           | 116              | 118          | 2         | 0.74        | 132         | 38        |  |
|                |           |        |         |                 |           |                    | and.            | 130.8            | 131.7        | 0.9       | 21.10       | 17.45       | 232       |  |
| SMD107         | DD        | 642471 | 5836359 | -60/59          | 260       | 232.8              | 26              | 60               | 34           | 0.61      | 0.07        | 14          |           |  |
|                |           |        |         |                 |           |                    | 45              | 53               | 8            | 1.37      | 0.18        | 40          |           |  |
|                |           |        |         |                 |           |                    | Incl.           | 46               | 49           | 3         | 2.51        | 0.36        | 63        |  |
| SMD108         | DD        | 642031 | 5836548 | -60/59          | 260       | 310.7              | 22              | 90               | 68           | 0.27      |             |             |           |  |
|                |           |        |         |                 |           |                    | 150.9           | 172.6            | 21.7         | 2.06      | 0.53        | 17          |           |  |
|                |           |        |         |                 |           |                    | Incl.           | 164.9            | 171.2        | 6.3       | 3.57        | 1.17        | 25        |  |
|                |           |        |         |                 |           |                    | 254.6           | 264.6            | 10           | 1.33      | 0.16        | 7.8         |           |  |
|                |           |        |         |                 |           |                    | Incl.           | 255.2            | 259.6        | 4.4       | 2.24        | 0.29        | 12        |  |
| SMD109         | DD        | 642261 | 5836257 | -60/59          | 260       | 399.2              | 35              | 77               | 42           | 0.53      |             |             |           |  |
|                |           |        |         |                 |           |                    | 262             | 265              | 3            | 1.35      | 0.20        | 2.7         |           |  |
|                |           |        |         |                 |           |                    | 283.5           | 295              | 11.5         | 2.74      | 0.35        | 4.5         |           |  |
|                |           |        |         |                 |           |                    | Incl.           | 292              | 294.1        | 2.1       | 7.25        | 0.67        | 11        |  |

**Thursday's Gossan Prospect – Cayley Lode Intercept Table**

|         |           | MGA 94 zone 54 |         |                 |           |                    | Intercept              |           |              |           |             |             |           |
|---------|-----------|----------------|---------|-----------------|-----------|--------------------|------------------------|-----------|--------------|-----------|-------------|-------------|-----------|
| Hole id | Hole Type | East           | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m) | From<br>(m)            | To<br>(m) | Width<br>(m) | Cu<br>(%) | Au<br>(g/t) | Ag<br>(g/t) | Ni<br>(%) |
| SMD110  | DD        | 642000         | 5836699 | -60/59          | 260       | 252.4              | 20                     | 65        | 45           | 0.28      |             |             |           |
|         |           |                |         |                 |           | Incl.              | 33                     | 41        | 8            | 0.44      | 0.20        | 2.5         |           |
|         |           |                |         |                 |           |                    | 97                     | 106       | 9            | 2.34      | 0.56        | 12          |           |
|         |           |                |         |                 |           | Incl.              | 102                    | 105       | 3            | 4.50      | 0.87        | 17          |           |
| SMD111  | DD        | 641977         | 5836648 | -60/59          | 260       | 294.2              | 36.7                   | 87        | 50.3         | 0.27      | 0.14        | 2.5         |           |
|         |           |                |         |                 |           | Incl.              | 83                     | 87        | 4            | 0.82      | 0.97        | 10          |           |
|         |           |                |         |                 |           |                    | 131                    | 166       | 35           | 0.46      | 0.92        | 9.4         |           |
|         |           |                |         |                 |           | Incl.              | 131                    | 148       | 17           | 0.42      | 1.34        | 10          |           |
|         |           |                |         |                 |           | and                | 164                    | 166       | 2            | 2.85      | 2.25        | 45          |           |
| SMD112  | DD        | 641971         | 5836718 | -60/59          | 260       | 274.4              | 119.6                  | 147.6     | 28           | 0.79      | 0.16        | 5.4         |           |
|         |           |                |         |                 |           | Incl.              | 134.1                  | 146       | 11.9         | 1.56      | 0.29        | 12          |           |
|         |           |                |         |                 |           | Incl.              | 135                    | 139       | 4            | 2.49      | 0.41        | 19          |           |
| SMD113  | DD        | 642031         | 5836553 | -58/56          | 260       | 280.3              | 25                     | 71        | 46           | 0.35      |             |             |           |
|         |           |                |         |                 |           |                    | 153                    | 174       | 21           | 0.50      | 0.15        | 6.5         |           |
|         |           |                |         |                 |           |                    | 230                    | 239.9     | 9.9          | 1.08      | 0.06        | 5.9         |           |
| SMD115  | DD        | 641995         | 5836579 | -60/59          | 261       | 296.3              | 23                     | 62        | 39           | 0.26      |             |             |           |
| SMD116  | DD        | 641972         | 5836613 | -60/58          | 261       | 304.2              | 23                     | 72        | 49           | 0.35      |             | 2.7         |           |
| SMD118  | DD        | 641936         | 5836691 | -60/52          | 261       | 247.9              | No Significant Results |           |              |           |             |             |           |
| SMD119  | DD        | 641927         | 5836771 | -60/59          | 262       | 246.5              | No Significant Results |           |              |           |             |             |           |
| SMD120  | DD        | 641896         | 5836793 | -62/58          | 261       | 233                | No Significant Results |           |              |           |             |             |           |
| SMD121  | DD        | 641875         | 5836711 | -60/60          | 261       | 292.9              | 26                     | 41        | 15           | 0.31      |             |             |           |
|         |           |                |         |                 |           |                    | 104                    | 177       | 73           | 0.64      | 0.70        | 6.8         |           |
|         |           |                |         |                 |           | Incl.              | 110.4                  | 112       | 1.6          | 1.72      | 20.47       | 30          |           |
|         |           |                |         |                 |           | and                | 150                    | 177       | 27           | 1.04      | 0.46        | 11          |           |
|         |           |                |         |                 |           | Incl.              | 170                    | 177       | 7            | 2.56      | 1.00        | 19          |           |
|         |           |                |         |                 |           |                    | 246                    | 247       | 1            | 1.67      | 0.18        | 39.4        |           |
| SMD122  | DD        | 641926         | 5836671 | -60/58          | 261       | 292.6              | 21                     | 27        | 6            | 0.32      | 0.15        | 1.4         |           |
|         |           |                |         |                 |           |                    | 101                    | 119       | 18           | 0.26      |             | 25          |           |
|         |           |                |         |                 |           |                    | 158                    | 160       | 2            | 0.26      | 1.71        | 7.3         |           |
|         |           |                |         |                 |           |                    | 172                    | 189       | 17           | 0.65      | 0.13        | 10          |           |
| SMD123  | DD        | 642209         | 5836316 | -60/59          | 261       | 380.1              | 31                     | 78        | 47           | 0.59      |             |             |           |
|         |           |                |         |                 |           | Incl.              | 52                     | 62        | 10           | 1.15      |             | 1.6         |           |
|         |           |                |         |                 |           |                    | 231                    | 233       | 2            | 1.73      |             |             |           |
| SMD124  | DD        | 641858         | 5836779 | -60/59          | 261       | 242.8              | 16                     | 24        | 8            | 0.41      |             |             |           |



| Thursday's Gossan Prospect – Cayley Lode Intercept Table |           |                |         |                 |           |                    |                        |           |                   |                   |             |             |           |  |
|--|-----------|----------------|---------|-----------------|-----------|--------------------|------------------------|-----------|-------------------|-------------------|-------------|-------------|-----------|--|
| Hole id  | Hole Type | MGA 94 zone 54 |         |                 |           |                    | Intercept              |           |                   |                   |             |             |           |  |
|  |           | East           | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m) | From<br>(m)            | To<br>(m) | Width<br>(m)      | Cu<br>(%)         | Au<br>(g/t) | Ag<br>(g/t) | Ni<br>(%) |  |
| SMD125   | DD        | 641885         | 5836827 | -60/59          | 261       | 168.5              | 122                    | 135       | 13                |                   | 0.41        | 12          |           |  |
| SMD126   | DD        | 641846         | 5836813 | -60/59          | 257       | 248                | No significant results |           |                   |                   |             |             |           |  |
| SMD127   | DD        | 641849         | 5836739 | -60/59          | 258       | 289.9              | 22                     | 44        | 22                | 0.37              |             |             |           |  |
|  |           |                |         |                 |           |                    | 126                    | 200.8     | 74.8              | 0.37              | 0.23        | 5.9         |           |  |
|  |           |                |         |                 |           |                    | Incl.                  | 151       | 159               | 8                 | 1.36        | 0.81        | 17        |  |
|  |           |                |         |                 |           |                    | Incl.                  | 156       | 158               | 2                 | 2.78        | 1.26        | 33        |  |
|  |           |                |         |                 |           |                    | and                    | 199.3     | 200.8             | 1.5               | 2.46        | 0.81        | 37        |  |
| SMD128   | DD        | 641887         | 5836759 | -60/59          | 257       | 256.5              | No Significant Results |           |                   |                   |             |             |           |  |
| SMD129   | DD        | 641821         | 5836766 | -60/59          | 258       | 269.7              | No Significant Results |           |                   |                   |             |             |           |  |
| SMD130   | DD        | 641824         | 5836837 | -60/59          | 260       | 234.5              | 15                     | 74        | 59                | 0.48              |             |             |           |  |
|  |           |                |         |                 |           |                    | Incl.                  | 37        | 40                | 3                 | 1.82        |             |           |  |
|  |           |                |         |                 |           |                    | 127                    | 140.05    | 13.05             | 0.83              | 0.26        | 5.5         |           |  |
|  |           |                |         |                 |           |                    | Incl.                  | 138       | 140.05            | 2.05              | 1.76        | 0.39        | 7.0       |  |
|  |           |                |         |                 |           |                    | Incl.                  | 181       | 186               | 5                 |             | 1.24        |           |  |
|  |           |                |         |                 |           |                    | Incl.                  | 181       | 182               | 1                 |             | 1.67        |           |  |
| SMD131   | DD        | 641851         | 5836885 | -60/59          | 262       | 196.6              | 18                     | 45        | 27                | 0.85              | 0.12        | 5.3         |           |  |
|  |           |                |         |                 |           |                    | Incl.                  | 28        | 37                | 9                 | 1.82        | 0.20        | 11        |  |
|  |           |                |         |                 |           |                    | Incl.                  | 32        | 36                | 3.11              | 0.26        | 20          |           |  |
|  |           |                |         |                 |           |                    | 83                     | 90        | 7                 | 1.65              | 0.41        | 20          |           |  |
| SMD132   | DD        | 641898         | 5836677 | -60/53          | 261       | 302.8              | 27                     | 55        | 28                | 0.35              |             |             |           |  |
| SMD133   | DD        | 641858         | 5836854 | -60/59          | 261       | 214.7              | 96                     | 112       | 16                | 0.34              | 0.24        | 6.5         |           |  |
| SMD134   | DD        | 641806         | 5836878 | -60/59          | 261       | 184.6              | 101                    | 149.8     | 44.2 <sup>3</sup> | 0.61              | 0.26        | 6.2         |           |  |
|  |           |                |         |                 |           |                    | Incl.                  | 134       | 149.8             | 11.2 <sup>3</sup> | 1.71        | 0.59        | 17        |  |
|  |           |                |         |                 |           |                    | Incl.                  | 148.4     | 149.8             | 1.4               | 3.18        | 0.39        | 44        |  |
| SMD135   | DD        | 641773         | 5836945 | -60/59          | 261       | 188.8              | 66.6                   | 93        | 26.4 <sup>4</sup> | 1.17              | 0.17        | 8           |           |  |
|  |           |                |         |                 |           |                    | Incl.                  | 66.6      | 73                | 6.4 <sup>4</sup>  | 4.02        | 0.50        | 29        |  |
|  |           |                |         |                 |           |                    | Incl.                  | 67.3      | 68.3              | 1                 | 21.2        | 1.75        | 142       |  |
|  |           |                |         |                 |           |                    | Incl.                  | 121       | 134               | 13                | 1.54        | 2.2         | 203       |  |
|  |           |                |         |                 |           |                    | Incl.                  | 133       | 134               | 1                 | 10.05       | 25.2        | 2540      |  |
| SMD136   | DD        | 641736         | 5836932 | -60/59          | 261       | 273.4              | 29                     | 104       | 75                | 0.32              |             |             |           |  |
|  |           |                |         |                 |           |                    | 30                     | 35.8      | 5.8               | 1.39              | 0.19        | 8           |           |  |
| SMD137   | DD        | 641731         | 5837009 | -60/59          | 257       | 211                | No Significant Results |           |                   |                   |             |             |           |  |
| SMD138   | DD        | 641691         | 5836994 | -60/59          | 258       | 249.3              | No Significant Results |           |                   |                   |             |             |           |  |

**Thursday's Gossan Prospect – Cayley Lode Intercept Table**

|         |           | MGA 94 zone 54 |         |                 |           |                    | Intercept                   |           |              |           |             |             |           |
|---------|-----------|----------------|---------|-----------------|-----------|--------------------|-----------------------------|-----------|--------------|-----------|-------------|-------------|-----------|
| Hole id | Hole Type | East           | North   | Dip/<br>Azimuth | RL<br>(m) | Total<br>Depth (m) | From<br>(m)                 | To<br>(m) | Width<br>(m) | Cu<br>(%) | Au<br>(g/t) | Ag<br>(g/t) | Ni<br>(%) |
| SMD139  | DD        | 641728         | 5836900 | -60/59          | 258       | 240.5              | 94                          | 173       | 79           | 0.38      | 0.10        | 4.7         |           |
|         |           |                |         |                 |           | Incl.              | 94                          | 109       | 9            | 1.25      | 0.18        | 19          |           |
| SMD140  | DD        | 641801         | 5836887 | -60/59          | 257       | 264                | 37                          | 57        | 20           | 0.27      |             |             |           |
|         |           |                |         |                 |           | Incl.              | 93.8                        | 143       | 49.2         | 0.96      | 0.28        | 11          |           |
|         |           |                |         |                 |           | and                | 94.4                        | 97        | 2.6          | 2.16      | 0.55        | 10          |           |
|         |           |                |         |                 |           | and                | 114                         | 118       | 4            | 2.42      | 0.56        | 25          |           |
|         |           |                |         |                 |           |                    | 127                         | 136       | 9            | 1.95      | 0.43        | 17          |           |
| SMD141  | DD        | 641704         | 5837042 | -60/59          | 257       | 237.2              | Assays Pending              |           |              |           |             |             |           |
| SMD142  | DD        | 641685         | 5837073 | -60/59          | 257       | 232.9              | Assays Pending              |           |              |           |             |             |           |
| SMD143  | DD        | 641665         | 5837027 | -60/59          | 258       | 249.4              | Assays Pending              |           |              |           |             |             |           |
| SMD144  | DD        | 641661         | 5836957 | -60/130         | 259       | 279.4              | Assays Pending              |           |              |           |             |             |           |
| SMD145  | DD        | 641648         | 5837059 | -60/59          | 257       | 264.3              | Assays Pending              |           |              |           |             |             |           |
| SMD146  | DD        | 641777         | 5836855 | -60/59          | 257       | 298.9              | Assays Pending              |           |              |           |             |             |           |
| SMD147  | DD        | 641799         | 5836823 | -60/59          | 257       | 316.9              | Assays Pending              |           |              |           |             |             |           |
| SMD148  | DD        | 641981         | 5836424 | -60/59          | 257       | 651.5              | Assays Pending              |           |              |           |             |             |           |
| SMD149  | DD        | 641930         | 5836640 | -60/59          | 257       | 326.5              | Assays Pending              |           |              |           |             |             |           |
| SMD150  | DD        | 641815         | 5836800 | -60/59          | 257       | 278.5              | Assays Pending              |           |              |           |             |             |           |
| SMD151  | DD        | 642129         | 5836210 | -60/59          | 257       | 901.4              | 77                          | 194       | 117          | 0.48      |             |             |           |
|         |           |                |         |                 |           | Incl.              | 78                          | 99        | 21           | 1.38      |             |             |           |
|         |           |                |         |                 |           |                    | 410                         | 418       | 8            | 1.04      | 0.10        | 6           |           |
| SMD151  | DD        | 642129         | 5836210 | -60/59          | 257       | 901.4              | 77                          | 194       | 117          | 0.48      |             |             |           |
|         |           |                |         |                 |           | Incl.              | 78                          | 99        | 21           | 1.38      |             |             |           |
|         |           |                |         |                 |           |                    | 410                         | 418       | 8            | 1.04      | 0.10        | 6           |           |
| SMD152  | DD        | 642196         | 5836351 | -60/59          | 257       | 354.2              | 26.7                        | 138       | 111.3        | 0.35      |             |             |           |
|         |           |                |         |                 |           | Incl.              | 27.6                        | 35        | 7.4          | 1.44      |             |             |           |
|         |           |                |         |                 |           |                    | 219                         | 283.1     | 64.1         | 1.04      | 0.13        | 3.5         |           |
|         |           |                |         |                 |           | Incl.              | 219                         | 237       | 18           | 1.49      | 0.10        | 4.0         |           |
|         |           |                |         |                 |           | and                | 249                         | 254       | 5            | 1.65      | 0.27        | 5.6         |           |
|         |           |                |         |                 |           | and                | 273.4                       | 283.1     | 9.7          | 2.48      | 0.38        | 8.6         |           |
| SMD153  | DD        | 642029         | 5836513 | -60/59          | 257       | 19.1               | Hole abandoned – no samples |           |              |           |             |             |           |
| SMD154  | DD        | 641845         | 5836570 | -60/59          | 262       | 451                | 21                          | 210       | 189          | 0.25      |             |             |           |
|         |           |                |         |                 |           | Incl.              | 21                          | 50        | 29           | 0.40      |             |             |           |
|         |           |                |         |                 |           |                    | 355                         | 364.3     | 9.3          |           | 0.27        |             |           |
| SMD155  | DD        | 641903         | 5836490 | -60/59          | 262       | 463.6              | Assays Pending              |           |              |           |             |             |           |

| Thursday's Gossan Prospect – Cayley Lode Intercept Table |           |        |         |              |        |                 |                |        |                   |                   |          |          |        |  |
|--|-----------|--------|---------|--------------|--------|-----------------|----------------|--------|-------------------|-------------------|----------|----------|--------|--|
| MGA 94 zone 54   |           |        |         |              |        |                 | Intercept      |        |                   |                   |          |          |        |  |
| Hole id  | Hole Type | East   | North   | Dip/ Azimuth | RL (m) | Total Depth (m) | From (m)       | To (m) | Width (m)         | Cu (%)            | Au (g/t) | Ag (g/t) | Ni (%) |  |
| SMD156   | DD        | 642157 | 5836387 | -60/59       | 262    | 355.9           | 28             | 45     | 17                | 0.77              |          |          |        |  |
|  |           |        |         |              |        |                 | Incl.          | 35     | 39                | 4                 | 1.78     |          |        |  |
|  |           |        |         |              |        |                 |                | 247    | 269.8             | 22.8 <sup>5</sup> | 2.27     | 0.38     | 19     |  |
|  |           |        |         |              |        |                 | Incl.          | 247    | 250               | 3                 | 6.86     | 1.00     | 11     |  |
| SMD156W1   | DD        | 642157 | 5836387 | -60/59       | 262    | 291.1           | 246.9          | 270    | 23.1 <sup>7</sup> | 1.67              | 0.25     | 19       |        |  |
|  |           |        |         |              |        |                 | Incl.          | 246.9  | 250               | 3.1 <sup>8</sup>  | 6.21     | 0.69     | 77     |  |
| SMD157   | DD        | 642077 | 5836264 | -60/59       | 262    | 533.2           | Assays Pending |        |                   |                   |          |          |        |  |
| SMD158   | DD        | 642054 | 5836182 | -60/59       | 262    | 669.4           | Assays Pending |        |                   |                   |          |          |        |  |
| SMD159   | DD        | 642536 | 5836394 | -60/180      | 262    | 642.6           | Assays Pending |        |                   |                   |          |          |        |  |
| SMD160   | DD        | 642167 | 5836085 | -60/49       | 262    | 717.5           | Assays Pending |        |                   |                   |          |          |        |  |
| SMD161   | DD        | 642393 | 5835880 | -60/49       | 262    | 718.7           | Assays Pending |        |                   |                   |          |          |        |  |
| SMD162   | DD        | 642480 | 5835930 | -60/49       | 262    | 593.4           | Assays Pending |        |                   |                   |          |          |        |  |
| SMS012   | Sonic     | 642193 | 5836530 | -60/239.5    | 261    | 80              | 43             | 77     | 34                | 0.90              | 0.24     |          |        |  |
|  |           |        |         |              |        |                 | Incl.          | 46     | 55                | 9                 | 2.24     | 0.67     | 18.0   |  |
|  |           |        |         |              |        |                 | Incl.          | 52     | 55                | 3                 | 5.20     | 1.46     | 30.0   |  |
| SMS013   | Sonic     | 642212 | 5836497 | -60/234.5    | 262    | 58              | 10             | 40     | 30                |                   | 0.23     |          |        |  |
|  |           |        |         |              |        |                 | Incl.          | 31     | 40                | 9                 | 1.13     | 0.60     | 4.2    |  |
|  |           |        |         |              |        |                 | Incl.          | 38     | 39                | 1                 | 3.52     | 2.53     | 14     |  |

Chalcoite Blanket results are shown in blue.

- 0.6m core loss included in this interval
- 0.3m core loss included in this interval
- 4.6m core loss included in this interval
- 0.5m core loss included in this interval
- 1.3m core loss included in this interval
- 0.9m core loss included in this interval
- 0.4m core loss included in this interval
- 0.4m core loss included in this interval

| Ararat Project 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) | Zn (%) |
| <b>Mt Ararat Prospect</b>      |           |                |         |              |        |                 |           |        |           |        |          |          |        |
| SADD011                        | DD        | 665527         | 5869287 | -50/240      | 344    | 280.6           | 205.4     | 212    | 6.6       | 2.48   | 0.38     | 4.8      | 0.39   |
|                                |           |                |         |              |        | Incl.           | 209       | 210.1  | 1.1       | 6.70   | 0.49     | 9.2      | 0.85   |
| SADD012                        | DD        | 665598         | 5869225 | -50/240      | 336    | 393.6           | 299.9     | 306    | 6.1       | 3.15   | 0.41     | 4.4      | 0.28   |
|                                |           |                |         |              |        | Incl.           | 301       | 302    | 1.0       | 8.74   | 1.72     | 13       | 0.77   |

| Yarram Park Project – Toora West Prospect 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 (%) | Ag (g/t) |      |  |
| STWAC029  | AC        | 631003         | 5844920 | -90/0        | 250    | 72              | 58        | 59     | 1         | 0.15   |          |      |  |
|   |           |                |         |              |        |                 | 64        | 67     | 3         | 0.34   |          |      |  |
|   |           |                |         |              |        | Incl.           | 64        | 65     | 1         | 0.61   | 2.46     |      |  |
| STWAC030  | AC        | 630370         | 5845552 | -90/0        | 250    | 60              | 35        | 38     | 3         | 0.17   |          |      |  |
|   |           |                |         |              |        |                 | 35        | 36     | 1         | 0.32   |          |      |  |
|   |           |                |         |              |        | Incl.           | 45        | 46     | 1         | 0.14   |          |      |  |
| STWAC031  | AC        | 630707         | 5846050 | -90/0        | 250    | 51              | 39        | 42     | 3         | 0.11   |          |      |  |
|   |           |                |         |              |        |                 | 50        | 51     | 1         | 0.18   |          |      |  |
| STWAC033  | AC        | 630480         | 5845942 | -90/0        | 250    | 48.5            | 32        | 33     | 1         | 0.21   |          |      |  |
|   |           |                |         |              |        |                 | 37        | 38     | 1         | 0.12   |          |      |  |
|   |           |                |         |              |        |                 | 45        | 48     | 3         | 0.25   | 1.45     |      |  |
| STWAC037  | AC        | 630737         | 5845661 | -90/0        | 250    | 46              | 33        | 38     | 5         | 0.22   | 1.0      |      |  |
|   |           |                |         |              |        |                 | 33        | 35     | 2         | 0.38   |          |      |  |
|   |           |                |         |              |        | Incl.           | 45        | 46     | 1         | 0.22   |          |      |  |
| STWAC040  | AC        | 630166         | 5845469 | -90/0        | 250    | 66              | 55        | 56     | 1         | 0.44   | 1.51     |      |  |
| STWAC041  | AC        | 630478         | 5845206 | -90/0        | 250    | 51              | 37        | 38     | 1         |        |          | 20.4 |  |
|   |           |                |         |              |        |                 | 44        | 45     | 1         | 0.14   |          |      |  |

**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 Executive Chairman and Managing Director of Stavely Minerals Limited and is a substantial shareholder 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 that would potentially adversely affect the existing Mineral Resources estimates, 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.

Stavelly 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 Stavelly Minerals' personnel.

Both the Mt Ararat Mineral Resource estimate and the Thursday's Gossan chalcocite-enriched blanket Mineral Resource estimate will be updated with new drilling data, along with the Cayley Lode maiden Mineral Resource estimate, in the 2021/22 reporting period.

### **Bibliography**

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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 Stavelly Arc, western Victoria. Record 2018/02. Geoscience Australia, Canberra.

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Your Directors present their report for the year ended 30 June 2021.

### **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 Fellow of the Australian Institute of Geoscientists, a Fellow of the Australian Institute of Mining and Metallurgy, a member of the JORC Committee, a member of the Society of Economic Geologists 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 E79 Gold Mines Limited (formerly 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:*

E79 Gold Mines Limited (formerly Zamanco Minerals Limited (*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.

**Robert (Rob) Dennis****B.App.Sc, FAusIMM***Non Executive Director (Appointed 24 May 2021)*

Mr Robert (Rob) Dennis is a mining engineer with over 45 years' experience in the nickel, copper, gold and alumina industries. Rob is a skilled leader and has extensive base metals and precious metals operational, technical and project development experience. Past positions included, CEO and MD of Poseidon Nickel Limited, COO for the Independence Group (IGO) where he was responsible IGO's nickel, copper, zinc and gold operations including overseeing the development and commissioning of IGO's Nova Nickel Project.

Prior to that, he held positions including COO Aditya Birla Minerals Ltd where he managed the expansion and development of the Nifty Copper Project in the North West of Western Australia and the Mt Gordon operation in North Queensland, General Manager Project Development for Lionore Australia, General Manager Operations for Great Central Mines and Chief Mining Engineer for Western Mining Corporation.

Mr Dennis 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, 7 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   | 7                  | 7                 | *                        | *                 |
| J Murphy   | 7                  | 7                 | 2                        | 2                 |
| P Ironside | 7                  | 7                 | 2                        | 2                 |
| A Sparks   | 7                  | 7                 | 2                        | 2                 |
| R Dennis   | 1                  | 1                 | 0                        | 0                 |

\* 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 | Number of Unlisted Options at \$1.20, expiry 31/10/2023 |
|------------------|--|---|---|
| C Cairns         | 8,032,268                              | 750,000   | 1,000,000   |
| J Murphy         | 5,146,705                              | 550,000   | 850,000   |
| P Ironside       | 31,887,982                             | 375,000   | 575,000   |
| A Sparks         | 2,171,206                              | 375,000   | 575,000   |
| R Dennis         | 444,444                                | -   | -   |

### 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

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

|                                      |   |   |
|--------------------------------------|---|---|
| Stavelly Minerals Limited            | - | parent entity                                       |
| Van Diemens Gold Pty Ltd             | - | 100% owned controlled entity                        |
| Stavelly Tasmania Operations Pty Ltd | - | 100% owned controlled entity                        |
| Ukalunda Pty Ltd                     | - | 100% owned controlled entity (disposed 31 Mar 2021) |
| Stavelly Tasmania Pty Ltd            | - | 100% owned controlled entity (disposed 16 Dec 2020) |



### Principal Activity

The Group's principal activity was mineral exploration for the year ended 30 June 2021. There were no significant changes in the nature of the principal activities during the year.

### Operations review

Refer to the Operations Review on pages 8 to 53.

### 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<br>30 June 2021 | Year<br>30 June 2020 |
|---|----------------------|----------------------|
|   | \$                   | \$                   |
| Cash and cash equivalents held at year end              | 13,819,962           | 9,424,932            |
| Net loss for the year after tax                         | (21,174,282)         | (15,306,220)         |
| Included in loss for the year:                          |                      |                      |
| Exploration costs                                       | (19,929,496)         | (12,560,283)         |
| Equity-based payments                                   | (1,238,784)          | (1,338,930)          |
| Basic loss per share (cents) from continuing operations | (8.28)               | (7.48)               |
| Net cash used in operating activities                   | (21,490,322)         | (11,332,767)         |
| Net cash used in investing activities                   | (171,462)            | (346,387)            |
| Net cash from financing activities                      | 26,056,814           | 18,228,224           |

During the year:

- In the prior year, 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.
- A Placement was undertaken in two tranches, the first tranche of 28,000,000 shares was issued on 30 July 2020 and the second tranche of 13,666,667, which was approved by shareholders at the General Meeting held on 31 August 2020, was issued on 7 September 2020. The shares were issued at 60 cents per share to sophisticated and institutional investors. Gross proceeds were \$25,000,000. On 14 August 2020, 4,645,000 shares were issued at 60 cents per share pursuant to a Share Purchase Plan. Gross proceeds were \$2,787,000.
- On 16 December 2020, the Company completed the sale of its subsidiary, Stavely Tasmania Pty Ltd, to Nubian Resources Limited ('Nubian'), an entity listed in Canada on the TSV. The Company received \$100,000 cash payment and 4,195,708 Nubian shares as consideration (valued at \$1,611,341). The sale of the subsidiary realised a gain of \$1,298,159.
- On 31 March 2021, the Company completed the sale of its subsidiary, Ukalunda Pty Ltd. The Company received a cash payment of \$410,000, comprising a \$10,000 option fee and \$400,000 for the subsidiary). A gain of \$387,323 was realised on sale of the subsidiary.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group anticipates to continue its exploration activities and have commenced a scoping study for the development of its tenements.

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## REMUNERATION REPORT (AUDITED)

The Directors present the 2021 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) |
| Robert Dennis  | – | Director (from 24 May 2021)       |

##### 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.

### 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 near future, will establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

As Stavely is an exploration company, not yet generating income, a greater use of equity-based remuneration is considered appropriate both to preserve capital and to retain and incentivise the Directors.

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 a portion consisting of options, as considered appropriate by the Board, which are 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 – Short and 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. As Stavely is an exploration company, there are usually no performance hurdles attached to equity awards. The Board however may include an incentive portion that is payable based upon attainment of objectives related to the Executive's job responsibilities. The objectives will vary, but are to be targeted to relate directly to the Group's business and financial performance and thus to shareholder value.

#### *Variable Pay – Short and 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. 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.

| <b>Director Name</b> | <b>Term of agreement</b>  | <b>Base annual salary exclusive of statutory superannuation at 30/6/2021</b> | <b>Termination benefit</b> |
|----------------------|---|--|----------------------------|
| 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                       |
| Robert Dennis        | Ongoing, subject to re-elections  | \$50,000   | None                       |

There were no increases in base Director remuneration during the year ended 30 June 2021.



#### 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   | Share Based                  |                           | Total including share based payments \$ |
|-------------------------|-------------|---|---|------------------------------|---------------------------|---|
|                         |             |   | Superannuation and movement in long service leave provisions \$ | Total Cash and Provisions \$ | Options <sup>(1)</sup> \$ |   |
| <b>Directors</b>        |             |   |   |                              |                           |   |
| C Cairns                | 2021        | 305,938   | 26,443  | 332,381                      | 280,000                   | 612,381                                 |
|                         | 2020        | 380,334   | 32,963  | 413,297                      | 371,925                   | 785,222                                 |
| J Murphy                | 2021        | 219,300   | 24,382  | 243,682                      | 238,000                   | 481,682                                 |
|                         | 2020        | 271,447   | 27,253  | 298,700                      | 272,745                   | 571,445                                 |
| P Ironside              | 2021        | 50,000  | 4,749   | 54,749                       | 161,000                   | 215,749                                 |
|                         | 2020        | 43,000  | 4,085   | 47,085                       | 185,963                   | 233,048                                 |
| A Sparks                | 2021        | 100,000   | 9,500   | 109,500                      | 161,000                   | 270,500                                 |
|                         | 2020        | 68,000  | 6,460   | 74,460                       | 185,963                   | 260,423                                 |
| R Dennis <sup>(2)</sup> | 2021        | 5,250   | 499   | 5,749                        | 26,250 <sup>(3)</sup>     | 32,249                                  |
|                         | 2020        | -   | -   | -                            | -                         | -                                       |
| <b>TOTAL</b>            | <b>2021</b> | <b>680,488</b>  | <b>65,573</b>   | <b>746,061</b>               | <b>866,250</b>            | <b>1,612,311</b>                        |
|                         | <b>2020</b> | <b>762,781</b>  | <b>70,761</b>   | <b>833,542</b>               | <b>1,016,596</b>          | <b>1,850,138</b>                        |

<sup>(1)</sup> Equity based payments – options. These represent the amount expensed for options granted and vested in the year.

<sup>(2)</sup> Appointed as a director on 24 May 2021.

<sup>(3)</sup> Options not yet issued. 250,000 unlisted options to be issued upon Shareholder approval.

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options.

#### 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.

| 2021                    | Number of Options at \$1.20, expiry 31/10/2023 | Number of Options to be issued to be issued expiry 30/11/2022 | Value* per option at grant date \$ |
|-------------------------|--|---|------------------------------------|
| <b>Directors</b>        |  |   |                                    |
| C Cairns                | 1,000,000                                      | -   | 0.28                               |
| J Murphy                | 850,000  | -   | 0.28                               |
| P Ironside              | 575,000  | -   | 0.28                               |
| A Sparks                | 575,000  | -   | 0.28                               |
| R Dennis <sup>(1)</sup> | -  | 250,000   | 0.105                              |

These options were granted to recognise the contribution made by the Directors, and to acknowledge that the inclusion of options as remuneration is preferable for the Company rather than paying a higher cash base remuneration, 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 issue of these Director options was approved by Shareholders at the Company's Annual General Meeting held on 30 October 2020.

\* Value at grant date has been calculated in accordance with AASB 2 *Share-based Payment*. The options were valued using the Hoadley Trading & Investment Tools ES02 trinomial option valuation model, taking into account the exercise price, term of option, the share price at grant date, the expected early exercise multiple, expected

price volatility of the underlying share, 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.

<sup>(1)</sup> Options not yet issued. 250,000 unlisted options to be issued upon Shareholder approval. In May 2021, as part of the appointment of Robert Dennis as a Director, the Board offered Mr Dennis 250,000 unlisted options which will be granted upon Shareholder approval. These proposed options have been valued using the Black-Scholes option pricing model.

#### Shares issued to Key Management Personnel on exercise of compensation options

During the year ended 30 June 2021, no shares were issued to Key Management Personnel on exercise of compensation options.

### E. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR

#### (a) Shareholdings of Key Management Personnel

| 30 June 2021     | Balance at beginning of the year | Increase from Exercise of Options | Other Net change during the year | Balance at end of the year |
|------------------|----------------------------------|-----------------------------------|----------------------------------|----------------------------|
| <b>Directors</b> |                                  |                                   |                                  |                            |
| C Cairns         | 9,232,268                        | -                                 | (1,200,000)                      | 8,032,268                  |
| J Murphy         | 5,946,705                        | -                                 | (800,000)                        | 5,146,705                  |
| P Ironside       | 31,887,982                       | -                                 | -                                | 31,887,982                 |
| A Sparks         | 2,171,206                        | -                                 | -                                | 2,171,206                  |
| R Dennis         | -                                | -                                 | -                                | -                          |
|                  | 49,238,161                       | -                                 | (2,000,000)                      | 47,238,161                 |

#### (b) Option holdings of Key Management Personnel

| 30 June 2021     | Balance at beginning of the year | Granted as remuneration | Exercised during the year | Balance at end of the year | Exercisable |
|------------------|----------------------------------|-------------------------|---------------------------|----------------------------|-------------|
| <b>Directors</b> |                                  |                         |                           |                            |             |
| C Cairns         | 750,000                          | 1,000,000               | -                         | 1,750,000                  | 1,750,000   |
| J Murphy         | 550,000                          | 850,000                 | -                         | 1,400,000                  | 1,400,000   |
| P Ironside       | 375,000                          | 575,000                 | -                         | 950,000                    | 950,000     |
| A Sparks         | 375,000                          | 575,000                 | -                         | 950,000                    | 950,000     |
| R Dennis         | -                                | -                       | -                         | -                          | -           |
|                  | 2,050,000                        | 3,000,000               | -                         | 5,050,000                  | 5,050,000   |

### 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 \$136,588 (net of GST) was paid/payable for office rental and variable outgoings (2020: \$132,749, net of GST).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of E79 Gold Mines Limited (formerly Zamanco Minerals Limited) ("E79 Gold"). E79 Gold sub-leases office space in the premises the Company occupies. During the year an amount of \$20,136 (net of GST) was paid/payable by E79 Gold to the Company for reimbursement of office rental and associated expenses (2020: \$34,151, net of GST).

### G. USE OF REMUNERATION CONSULTANTS

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

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

The Company received 99.01% of 'yes' votes for its remuneration report for the 2020 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:

|                  | <b>Number</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|------------------|---------------|-----------------------|--------------------|
| Unlisted Options | 2,700,000     | \$1.47                | 30/11/2022         |
| Unlisted Options | 4,102,500     | \$1.20                | 31/10/2023         |
| Unlisted Options | 200,000       | \$0.56                | 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.

No options were exercised during the year (2020: 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).

#### **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

##### *Options issued under Employee Incentive Plan*

On 30 August 2021, 200,000 unlisted options were issued to an employee under Stavely's Employee Incentive Plan. These options have an exercise price of \$0.56 and expire 30 November 2022.

##### *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 2021 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 65 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

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independence was not compromised. BDO received, or are due to receive, the following amounts for the provision of non-audit services:

|                   | <b>2021</b> | <b>2020</b> |
|-------------------|-------------|-------------|
| Taxation services | \$19,330    | \$19,766    |

Signed in accordance with a resolution of the Directors.



Christopher Cairns  
Managing Director

Dated this 14<sup>th</sup> day of September 2021

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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 2021, 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, 14 September 2021

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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 2021 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 2021.

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



Christopher Cairns  
Managing Director

Dated this 14<sup>th</sup> day of September 2021

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|  | Note | Consolidated               |                            |
|--|------|----------------------------|----------------------------|
|  |      | Year ended<br>30 June 2021 | Year ended<br>30 June 2020 |
|  |      | \$                         | \$                         |
| <b>Revenue and Income</b>  |      |                            |                            |
| Interest revenue   |      | 90,370                     | 135,366                    |
| Rental sub-lease revenue   |      | 40,889                     | 34,151                     |
| Profit on sale of fixed assets   |      | 12,000                     | 10,436                     |
| Government subsidies   |      | 50,000                     | 50,000                     |
|  |      | <u>193,259</u>             | <u>229,953</u>             |
| <b>Expenses</b>  |      |                            |                            |
| Administration and corporate expenses  | 2(a) | (1,745,610)                | (1,614,475)                |
| Administration – equity based expenses   | 3    | (1,238,784)                | (1,338,930)                |
| Exploration expenses   | 2(b) | (19,929,496)               | (12,560,283)               |
| Interest expense   | 2(c) | (13,645)                   | (22,485)                   |
| Total expenses   |      | <u>(22,927,535)</u>        | <u>(15,536,173)</u>        |
| <b>Other gains/(losses)</b>  |      |                            |                            |
| Net fair value losses on financial assets at fair value through profit or loss             | 4    | (125,488)                  | -                          |
| Gain on disposal of subsidiaries   | 5    | 1,685,482                  | -                          |
| Total other gains  |      | <u>1,559,994</u>           | <u>-</u>                   |
| <b>Loss before income tax</b>  |      | <b>(21,174,282)</b>        | <b>(15,306,220)</b>        |
| Income tax expense   | 6    | -                          | -                          |
| <b>Loss after income tax attributable to members of Stavely Minerals Limited</b>           |      | <b>(21,174,282)</b>        | <b>(15,306,220)</b>        |
| <b>Other comprehensive income/(loss)</b>   |      |                            |                            |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                      |      |                            |                            |
| Other  |      | -                          | -                          |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>                          |      | <b>-</b>                   | <b>-</b>                   |
| <b>Total comprehensive loss for the year</b>   |      | <b>(21,174,282)</b>        | <b>(15,306,220)</b>        |
| <b>Loss per share for the year attributable to the members of Stavely Minerals Limited</b> |      |                            |                            |
| Basic loss per share   | 7    | <u>(8.28)</u>              | <u>(7.48)</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 2021      | 30 June 2020      |
|   |      | \$                | \$                |
| <b>ASSETS</b>   |      |                   |                   |
| <b>Current Assets</b>                                 |      |                   |                   |
| Cash and cash equivalents                             | 8    | 13,819,962        | 9,424,932         |
| Other receivables                                     | 9    | 624,804           | 469,527           |
| Financial assets as fair value through profit or loss | 4    | 1,485,853         | -                 |
| <b>Total Current Assets</b>                           |      | <b>15,930,619</b> | <b>9,894,459</b>  |
| <b>Non-Current Assets</b>                             |      |                   |                   |
| Other receivables                                     | 9    | 75,013            | 139,500           |
| Right of use assets                                   | 10   | 139,644           | 212,956           |
| Property, plant and equipment                         | 11   | 157,564           | 184,226           |
| Deferred exploration expenditure acquisition costs    | 12   | 3,672,126         | 4,099,719         |
| <b>Total Non-Current Assets</b>                       |      | <b>4,044,347</b>  | <b>4,636,401</b>  |
| <b>Total Assets</b>                                   |      | <b>19,974,966</b> | <b>14,530,860</b> |
| <b>LIABILITIES</b>                                    |      |                   |                   |
| <b>Current Liabilities</b>                            |      |                   |                   |
| Trade and other payables                              | 13   | 1,352,194         | 2,090,865         |
| Lease liabilities – right of use assets               | 10   | 86,333            | 79,239            |
| Provisions  | 14   | 161,947           | 174,070           |
| <b>Total Current Liabilities</b>                      |      | <b>1,600,474</b>  | <b>2,344,174</b>  |
| <b>Non-Current Liabilities</b>                        |      |                   |                   |
| Lease liabilities –right of use assets                | 10   | 93,696            | 182,546           |
| Provisions  | 14   | 62,267            | -                 |
| <b>Total Non-Current Liabilities</b>                  |      | <b>155,963</b>    | <b>182,546</b>    |
| <b>Total Liabilities</b>                              |      | <b>1,756,437</b>  | <b>2,526,720</b>  |
| <b>Net Assets</b>                                     |      | <b>18,218,529</b> | <b>12,004,140</b> |
| <b>Equity</b>   |      |                   |                   |
| Issued capital  | 15   | 76,523,797        | 50,033,910        |
| Reserves  | 16   | 7,045,973         | 6,147,189         |
| Accumulated losses                                    |      | (65,351,241)      | (44,176,959)      |
| <b>Total Equity</b>                                   |      | <b>18,218,529</b> | <b>12,004,140</b> |

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

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|  | Issued<br>Capital<br>\$ | Reserves<br>\$   | Accumulated<br>Losses<br>\$ | Total<br>Equity<br>\$ |
|--|-------------------------|------------------|-----------------------------|-----------------------|
| <b>At 1 July 2019</b>  | <b>31,711,470</b>       | <b>4,468,259</b> | <b>(28,821,163)</b>         | <b>7,358,566</b>      |
| Change in Accounting Policy                                  | -                       | -                | (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)                            | -                       | -                | -                           | -                     |
| <b>Total comprehensive loss for the year, net of tax</b>     | <b>-</b>                | <b>-</b>         | <b>(15,306,220)</b>         | <b>(15,306,220)</b>   |
| <b>Transactions with owners in their capacity as owners:</b> |                         |                  |                             |                       |
| 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 15(b)                       | -                       | 340,000          | -                           | 340,000               |
| Share based payments   | -                       | 1,338,930        | -                           | 1,338,930             |
|  | 18,322,440              | 1,678,930        | -                           | 20,001,370            |
| <b>As at 30 June 2020</b>                                    | <b>50,033,910</b>       | <b>6,147,189</b> | <b>(44,176,959)</b>         | <b>12,004,140</b>     |
| <b>At 1 July 2020</b>  | <b>50,033,910</b>       | <b>6,147,189</b> | <b>(44,176,959)</b>         | <b>12,004,140</b>     |
| Loss for the year  | -                       | -                | (21,174,282)                | (21,174,282)          |
| Other comprehensive income/(loss)                            | -                       | -                | -                           | -                     |
| <b>Total comprehensive loss for the year, net of tax</b>     | <b>-</b>                | <b>-</b>         | <b>(21,174,282)</b>         | <b>(21,174,282)</b>   |
| <b>Transactions with owners in their capacity as owners:</b> |                         |                  |                             |                       |
| Issue of share capital                                       | 27,787,000              | -                | -                           | 27,787,000            |
| Cost of issue of share capital                               | (1,637,113)             | -                | -                           | (1,637,113)           |
| Share based payments   | -                       | 1,238,784        | -                           | 1,238,784             |
| Share based payments – royalty purchase                      | 340,000                 | (340,000)        | -                           | -                     |
|  | 26,489,887              | 898,784          | -                           | 27,388,671            |
| <b>As at 30 June 2021</b>                                    | <b>76,523,797</b>       | <b>7,045,973</b> | <b>(65,351,241)</b>         | <b>18,218,529</b>     |

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<br>30 June 2021 | Year ended<br>30 June 2020 |
|  |      | \$                         | \$                         |
| <b>Cash flows from operating activities</b>                      |      |                            |                            |
| Receipts in the ordinary course of activities (incl. GST)        |      | 2,017,122                  | 1,319,805                  |
| Payments to suppliers and employees                              |      | (23,614,812)               | (12,769,011)               |
| Interest received  |      | 107,368                    | 116,439                    |
| <b>Net cash flows used in operating activities</b>               | 8(i) | <u>(21,490,322)</u>        | <u>(11,332,767)</u>        |
| <b>Cash flows from investing activities</b>                      |      |                            |                            |
| Payments for plant and equipment                                 |      | (175,941)                  | (241,161)                  |
| Proceeds from disposal of plant and equipment                    |      | 12,000                     | 10,436                     |
| Payment for exploration acquisitions (capitalised)               |      | (587,021)                  | (158,662)                  |
| Other – sale of subsidiaries                                     |      | 510,000                    | -                          |
| Payment for bonds  |      | (2,000)                    | (57,000)                   |
| Bonds repaid   |      | 71,500                     | -                          |
| Other deposits repaid  |      | -                          | 100,000                    |
| <b>Net cash flows used in investing activities</b>               |      | <u>(171,462)</u>           | <u>(346,387)</u>           |
| <b>Cash flows from financing activities</b>                      |      |                            |                            |
| Proceeds from issue of shares                                    |      | 27,787,000                 | 19,610,000                 |
| Payment of share issue costs                                     |      | (1,637,113)                | (1,287,560)                |
| Payment of lease liabilities (right of use assets)               |      | (93,073)                   | (94,216)                   |
| <b>Net cash flows from financing activities</b>                  |      | <u>26,056,814</u>          | <u>18,228,224</u>          |
| <b>Net (decrease)/increase in cash and cash equivalents held</b> |      | 4,395,030                  | 6,549,070                  |
| Add opening cash and cash equivalents brought forward            |      | 9,424,932                  | 2,875,862                  |
| <b>Closing cash and cash equivalents carried forward</b>         | 8    | <u><u>13,819,962</u></u>   | <u><u>9,424,932</u></u>    |

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

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## 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 2021 was authorised for issue in accordance with a resolution of the Directors on 14 September 2021.

### (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

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

#### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

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 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### (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:

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### *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 Hoadley Trading & Investment Tools ES02 trinomial option valuation model or a Black-Scholes model.

### *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.

### *Fair Value Measurement*

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

### *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.

### *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.

## (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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

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.

|  | Year ended<br>30 June 2021 | Year ended<br>30 June 2020 |
|--|----------------------------|----------------------------|
|  | \$                         | \$                         |

**NOTE 2 - EXPENSES**

**(a) Administration and Corporate Expenses**

Administration and corporate expenses include:

|  |                 |                 |
|--|-----------------|-----------------|
| Depreciation - administration                  | 55,201          | 23,105          |
| Depreciation – right of use assets             | 70,984          | 70,984          |
| Office premises expenses                       | 46,446          | 40,786          |
| Personnel costs – administration and corporate | 972,484         | 1,006,080       |
| Other administration and corporate expenses    | 600,495         | 473,520         |
|  | <hr/> 1,745,610 | <hr/> 1,614,475 |
| Equity based payments expense – refer note 3   | 1,238,784       | 1,338,930       |
|  | <hr/> 2,984,394 | <hr/> 2,953,405 |

**(b) Exploration Costs Expensed**

Exploration costs expensed include:

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Depreciation - exploration            | 135,538          | 191,418          |
| Exploration drilling – non-cash       | -                | 1,347,550        |
| Other exploration costs expensed      | 19,793,958       | 11,121,315       |
| Government Co-Funding for exploration | -                | (100,000)        |
|                                       | <hr/> 19,929,496 | <hr/> 12,560,283 |

**(c) Interest Expensed**

|                                 |        |        |
|---------------------------------|--------|--------|
| Interest on right of use assets | 13,645 | 22,485 |
|                                 | <hr/>  | <hr/>  |

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**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 Hoadley Trading & Investment Tools ES02 trinomial option valuation model or 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.

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 2021 | 30 June 2020 |
|---|--------------|--------------|
|   | \$           | \$           |
| Expensed in the profit or loss:                           |              |              |
| Equity-based payments- options                            | 1,212,534    | 1,338,930    |
| Equity-based payments- options not yet issued (note 3(c)) | 26,250       | -            |
|   | 1,238,784    | 1,338,930    |

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

Granted to key management personnel and consultants as equity compensation:

During the year, the following unlisted options were granted pursuant to the Company's Employee Incentive Plan:

- 3,000,000 unlisted options as approved by shareholders at the 2020 Annual General Meeting held on 30 October 2020, granted to directors or their nominees.
- 1,102,500 unlisted options granted on 9 November 2020 to employees/consultants.

Theses unlisted options were allotted on 9 November 2020.

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

The assessed fair values of the options were determined using the Hoadley Trading & Investment Tools ES02 trinomial option valuation model, taking into account the exercise price, term of option, the share price at grant date, the expected early exercise multiple, 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                     | 30/10/2020  | 9/11/2020   |
|--------------------------------|-------------|-------------|
| Spot price (\$)                | 0.70        | 0.80        |
| Exercise price (\$)            | 1.20        | 1.20        |
| Vesting date                   | immediately | immediately |
| Expiry date                    | 31/10/2023  | 31/10/2023  |
| Expected future volatility (%) | 90          | 90          |
| Risk-free rate (%)             | 0.13        | 0.11        |
| Early exercise multiple        | 2.5x        | 2.5x        |
| Dividend yield (%)             | -           | -           |
| Value of Option (\$)           | 0.28        | 0.3379      |

The expected early exercise multiple is factored into the valuation using the binomial model. The model incorporates an exercise factor, which determines the conditions under which an option holder is expected to exercise their options. It is defined as a multiple of the exercise price (eg 2.5 reflects that on average employees tend to exercise their options when the stock price reaches 2.5 times the exercise price). The expected future volatility is based on historical volatility over one, two and three year trading periods.

**(c) Summary of equity-based payments not yet issued during the year:**

In May 2021, as part of the appointment of Robert Dennis as a Director, the Board offered Mr Dennis 250,000 unlisted options which will be granted upon Shareholder approval. These options will expire on 30 November 2022 and have with an exercise price of 135% of the Company share price calculated based on the five (5) day volume weighted average trading price preceding the Shareholder Approval (and including the day of approval). For accounting purposes, an estimated value of \$26,250 has been expensed for these options (based on the Black-Scholes option pricing model). Upon Shareholder approval expected later in 2022, the value of these options will be recalculated.

|                                |             |
|--------------------------------|-------------|
| Spot price (\$)                | 0.63*       |
| Exercise price (\$)            | 0.84*       |
| Vesting date                   | Immediately |
| Expiry date                    | 30/11/2022* |
| Expected future volatility (%) | 67.17*      |
| Risk-free rate (%)             | 0.02*       |
| Dividend yield (%)             | -           |
| Value of Option (\$)           | 0.105*      |

\* To be updated upon Shareholder approval.

**(d) Weighted average fair value**

The weighted average fair value of equity-based payment options granted during the year was \$0.2956 (2020: \$0.4959).

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

**(e) Range of exercise price**

The range of exercise price for options granted as share based payments outstanding at the end of the year was \$1.20 to \$1.47 (2020: \$1.47).

**(f) 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 1.97 years (2020: 3 years).

**(g) 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<br>30 June 2021<br>Number | 12 Months to<br>30 June 2021<br>WAEP \$ | 12 Months to<br>30 June 2020<br>Number | 12 Months to<br>30 June 2020<br>WAEP \$ |
|--------------------------------------|--|---|--|---|
| Outstanding at the beginning of year | 2,700,000                              | 1.47                                    | 22,700,000                             | 0.31                                    |
| Granted during the year              | 4,102,500                              | 1.20                                    | 2,700,000                              | 1.47                                    |
| Exercised during the year            | -                                      | -                                       | (22,700,000)                           | 0.31                                    |
| Lapsed during the year               | -                                      | -                                       | -                                      | -                                       |
| Outstanding at the end of the year   | 6,802,500                              | 1.31                                    | 2,700,000                              | 1.47                                    |
| Exercisable at year end              | 6,802,500                              | 1.31                                    | 2,700,000                              | 1.47                                    |

The weighted average share price for options exercised during the year was \$nil (2020: \$0.31).

**NOTE 4 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

*Fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Investments in equity instruments are categorised as financial assets at fair value through profit or loss.

When these financial assets are recognised initially, they are measured at fair value. At each reporting date, gains or losses on these financial assets are recognised in profit or loss using Level 1 inputs of unadjusted quoted prices in active markets at the measurement date.

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**NOTE 4 - FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued**

|  | 30 June 2021     | 30 June 2020 |
|--|------------------|--------------|
|  | \$               | \$           |
| <i>Financial Assets</i>  |                  |              |
| Investments in equity instruments  | 1,485,853        | -            |
| Initial recognition of financial assets at fair value (refer note 5)         | 1,611,341        | -            |
| Net fair value loss on financial assets at fair value through profit or loss | (125,488)        | -            |
|  | <u>1,485,853</u> | <u>-</u>     |

**NOTE 5 - SALE OF SUBSIDIARIES**

|  | 30 June 2021     | 30 June 2020 |
|--|------------------|--------------|
|  | \$               | \$           |
| Net gain on sale of subsidiary, Stavely Tasmania Pty Ltd (a) | 1,298,159        | -            |
| Net gain on sale of subsidiary, Ukalunda Pty Ltd (b)         | 387,323          | -            |
|  | <u>1,685,482</u> | <u>-</u>     |

- (a) On 16 December 2020, the Company completed the sale of its subsidiary, Stavely Tasmania Pty Ltd, to Nubian Resources Limited ('Nubian'), an entity listed in Canada on the TSV. The Company received \$100,000 cash payment and 4,195,708 Nubian shares as consideration (valued at \$1,611,341).

The gain of \$1,298,159 on sale of the subsidiary has been realised in the profit or loss for the year ended 30 June 2021.

|  | 30 June 2021     |
|--|------------------|
|  | \$               |
| Consideration received – cash  | 100,000          |
| Consideration received – shares in Nubian (refer to note 4)              | 1,611,341        |
| Total consideration received   | <u>1,711,341</u> |
| Less: carrying amount of net assets of subsidiary sold held by the group | (413,182)        |
| Total gain from disposal of subsidiary                                   | <u>1,298,159</u> |

- (b) On 31 March 2021, the Company completed the sale of its subsidiary, Ukalunda Pty Ltd. The Company received a cash payment of \$410,000, comprising a \$10,000 option fee and \$400,000 for the subsidiary).

The gain of \$387,323 on sale of the subsidiary has been realised in the profit or loss for the year ended 30 June 2021.

|  | 30 June 2021   |
|--|----------------|
|  | \$             |
| Consideration received – cash  | 410,000        |
| Less: carrying amount of net assets of subsidiary sold held by the group | (22,677)       |
| Total gain from disposal of subsidiary                                   | <u>387,323</u> |

## NOTE 6 - 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.

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.



**NOTE 6 - INCOME TAX EXPENSE - continued**

|   | Year ended<br>30 June 2021 | Year ended<br>30 June 2020 |
|---|----------------------------|----------------------------|
|   | \$                         | \$                         |
| <b>(a) Income Tax Expense</b>   |                            |                            |
| 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   | (21,174,282)               | (15,306,220)               |
| Prima facie income tax (benefit) @ 30% (2020: 30%)  | (6,352,285)                | (4,591,866)                |
| Tax effect of non-deductible items  | 544,440                    | 404,513                    |
| Net deferred tax assets not brought to account  | 5,807,845                  | 4,187,353                  |
| Income tax attributable to operating loss   | -                          | -                          |
| <b>(b) Net deferred tax assets not recognised relate to the following:</b>  |                            |                            |
| DTA - Tax losses  | 14,298,059                 | 11,483,545                 |
| DTL - Other Timing Differences, net   | (647,833)                  | (150,534)                  |
|   | 13,650,226                 | 11,333,011                 |

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 Stavely Minerals Limited.

**(c) Franking Credits**

The franking account balance at year end was \$nil (2020: \$nil).

**NOTE 7 - 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.

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**NOTE 7 - EARNINGS PER SHARE - continued**

|  | Year ended<br>30 June 2021 | Year ended<br>30 June 2020 |
|--|----------------------------|----------------------------|
| Basic loss per share   | Cents<br>(8.28)            | Cents<br>(7.48)            |
|  | \$                         | \$                         |
| Loss attributable to ordinary equity holders of the Company used in calculating:   |                            |                            |
| - basic loss per share   | (21,174,282)               | (15,306,220)               |
|  | Number<br>of shares        | Number<br>of shares        |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share | 255,612,101                | 204,547,955                |

For the year ended 30 June 2021, 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.

**NOTE 8 - 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<br>30 June 2021 | Year ended<br>30 June 2020 |
|---|----------------------------|----------------------------|
|   | \$                         | \$                         |
| Cash at bank and on hand  | 13,819,962                 | 9,424,932                  |
| <b>(i) Reconciliation of loss for the period to net cash flows used in operating activities</b> |                            |                            |
| Loss after income tax   | (21,174,282)               | (15,306,220)               |
| Adjustments to reconcile profit before tax to net operating cash flows:                         |                            |                            |
| Depreciation  | 190,739                    | 214,523                    |
| Depreciation – Right of Use Assets  | 70,984                     | 70,984                     |
| Gain on disposal of property, plant and equipment   | (136)                      | (10,436)                   |
| Gain on disposal of subsidiaries  | (1,275,482)                | -                          |
| Net fair value loss on financial assets   | 125,488                    | -                          |
| Share based payments expensed - options   | 1,238,784                  | 1,338,930                  |
| Exploration drilling – non-cash   | -                          | 1,347,550                  |
| Change in assets and liabilities:   |                            |                            |
| (Increase)/decrease in receivables  | (160,290)                  | 124,577                    |
| Increase/(decrease) in payables   | (569,916)                  | 799,348                    |
| Increase/(decrease) in provisions   | 63,789                     | 87,977                     |
| Net cash flows used in operating activities   | (21,490,322)               | (11,332,767)               |

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**NOTE 8 - CASH AND CASH EQUIVALENTS - continued**

**(ii) Non-Cash Financing and Investing Activities**

During the year the following non-cash financing and investing activities were undertaken (2020: none):

- 850,000 shares (\$340,000) were issued as part-consideration for the purchase of the Stavely Royalty from New Challenge Resources Pty Ltd.
- 4,195,708 shares in a Canadian listed company were received as part consideration for the sale of a subsidiary (valued at \$1,611,341). Refer to note 5.

**NOTE 9 – 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.

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 2021 | 30 June 2020 |
|----------------------------------|--------------|--------------|
|                                  | \$           | \$           |
| <b>Current</b>                   |              |              |
| GST refundable                   | 504,495      | 373,983      |
| Bonds – credit card              | 40,000       | 40,000       |
| Prepayments                      | 75,916       | 34,056       |
| Other                            | 4,393        | 21,488       |
| Total current receivables        | 624,804      | 469,527      |
| <b>Non-Current</b>               |              |              |
| Cash on deposit - security bonds | 75,013       | 139,500      |

*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 21.
- (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 2021 (2020: none).

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## NOTE 10 – RIGHT OF USE ASSETS AND LIABILITIES

### *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-to-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.

|                                  | 30 June 2021   | 30 June 2020   |
|----------------------------------|----------------|----------------|
|                                  | \$             | \$             |
| <b>Non-Current Assets</b>        |                |                |
| Right of use assets - properties | 139,644        | 212,956        |
| <b>Lease Liabilities</b>         |                |                |
| Current                          | 86,333         | 79,239         |
| Non-Current                      | 93,696         | 182,546        |
|                                  | <u>180,029</u> | <u>261,785</u> |

## NOTE 11 - 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 7 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 2021   | 30 June 2020   |
|---|----------------|----------------|
|   | \$             | \$             |
| Motor vehicles- at cost                                 | 178,812        | 125,888        |
| Less: Accumulated depreciation                          | (126,254)      | (113,445)      |
|   | <u>52,558</u>  | <u>12,443</u>  |
| Plant and equipment - at cost                           | 619,498        | 532,981        |
| Less: Accumulated depreciation                          | (514,492)      | (361,198)      |
|   | <u>105,006</u> | <u>171,783</u> |
| Total property, plant and equipment                     | <u>157,564</u> | <u>184,226</u> |
| <i>Reconciliation of property, plant and equipment:</i> |                |                |
| <b>Motor Vehicles</b>                                   |                |                |
| Carrying amount at beginning of year                    | 12,443         | 27,929         |
| Additions   | 52,924         | 58,510         |
| Depreciation  | (12,809)       | (73,996)       |
| Carrying amount at end of year                          | <u>52,558</u>  | <u>12,443</u>  |
| <b>Plant and Equipment</b>                              |                |                |
| Carrying amount at beginning of year                    | 171,783        | 129,659        |
| Additions   | 123,017        | 182,651        |
| Disposals   | (11,864)       | -              |
| Depreciation  | (177,930)      | (140,527)      |
| Carrying amount at end of year                          | <u>105,006</u> | <u>171,783</u> |

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#### NOTE 12 - 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 2021 | 30 June 2020 |
|--|--------------|--------------|
|  | \$           | \$           |
| Deferred exploration acquisition costs brought forward | 4,099,719    | 3,006,057    |
| Capitalised acquisition expenditure additions          | 9,520        | 1,093,662    |
| Disposals upon sale of subsidiaries                    | (437,113)    | -            |
| Deferred exploration acquisition costs carried forward | 3,672,126    | 4,099,719    |

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 13 - 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 2021 | 30 June 2020 |
|-----------------------------|--------------|--------------|
|                             | \$           | \$           |
| Trade creditors             | 1,117,694    | 1,353,702    |
| Accruals and other payables | 234,500      | 387,163      |
|                             | 1,352,194    | 1,740,865    |

#### 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 14 – 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.

**NOTE 14 – PROVISIONS – continued**

|                       | 30 June 2021 | 30 June 2020 |
|-----------------------|--------------|--------------|
|                       | \$           | \$           |
| <b>Current</b>        |              |              |
| Employee entitlements | 161,947      | 174,070      |
| <b>Non-Current</b>    |              |              |
| Employee entitlements | 62,267       | -            |

**NOTE 15 – 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 2021 | 30 June 2020      |
|--|--------------|-------------------|
|  | \$           | \$                |
| <b>(a) Issued Capital</b>  |              |                   |
| 260,961,452 (2020: 213,799,785) ordinary shares fully paid                                   | 76,523,797   | 50,033,910        |
| <b>(b) Movements in Ordinary Share Capital</b>   |              |                   |
| 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)       |
| <u>213,799,785</u> Closing Balance at 30 June 2020   |              | <u>50,033,910</u> |
| 213,799,785 Opening balance at 1 July 2020   |              | 50,033,910        |
| 850,000 Issue of shares – New Challenge Royalty 9 July 2020                                  |              | 340,000           |
| 28,000,000 Issue of shares – Placement 30 July 2020  |              | 16,800,000        |
| 4,645,000 Issue of shares – Share Purchase Plan 14 August 2020                               |              | 2,787,000         |
| 13,666,667 Issue of shares – Placement 7 September 2020                                      |              | 8,200,000         |
| Costs of equity issues   |              | (1,637,113)       |
| <u>260,961,452</u> Closing Balance at 30 June 2021   |              | <u>76,523,797</u> |

*Royalty Purchase*

In the prior year, 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.

*Placement and Share Purchase Plan*

A Placement was undertaken in two tranches, the first tranche of 28,000,000 shares was issued on 30 July 2020 and the second tranche of 13,666,667, which was approved by shareholders at the General Meeting held on 31 August 2020, was issued on 7 September 2020. The shares were issued at 60 cents per share to sophisticated and institutional investors. Gross proceeds were \$25,000,000. On 14 August 2020, 4,645,000 shares were issued at 60 cents per share pursuant to a Share Purchase Plan. Gross proceeds were \$2,787,000.

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**NOTE 15 – ISSUED CAPITAL - continued**

**(c) Options on issue at 30 June 2021**

|                  | Number           | Exercise Price | Expiry Date |
|------------------|------------------|----------------|-------------|
| Unlisted Options | 2,700,000        | \$1.47         | 30/11/2022  |
| Unlisted Options | 4,102,500        | \$1.20         | 31/10/2023  |
|                  | <u>6,802,500</u> |                |             |

During the year:

- (i) 4,102,500 unlisted options were granted as share-based payments (2020: 2,700,000);
- (ii) No unlisted options expired (2020: nil); and
- (iii) No unlisted options were exercised (2020: 7,050,000 unlisted employee incentive options with an exercise price of 21 cents and 15,650,000 unlisted employee incentive 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)).

**(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 16 - 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 2021     | 30 June 2020     |
|--|------------------|------------------|
|  | \$               | \$               |
| <i>Equity-based payments reserve:</i>                    |                  |                  |
| Balance at the beginning of the year                     | 5,807,189        | 4,468,259        |
| Equity-based payments expense – refer note 3             | 1,238,784        | 1,338,930        |
| Balance at the end of the year                           | <u>7,045,973</u> | <u>5,807,189</u> |
| <i>Other reserve:</i>                                    |                  |                  |
| Balance at the beginning of the year                     | 340,000          | -                |
| Shares to be issued / (Shares issued) – refer note 15(b) | (340,000)        | 340,000          |
| Balance at the end of the year                           | <u>-</u>         | <u>340,000</u>   |
| Total Reserves   | <u>7,045,973</u> | <u>6,147,189</u> |

**NOTE 16 – 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 15(b).

**NOTE 17 – 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 2021 | 30 June 2020 |
|--|--------------|--------------|
|  | \$           | \$           |
| <b>(a) Operating leases (non-cancellable):</b>   |              |              |
| Within one year                                  | 37,048       | 32,266       |
| More than one year but not later than five years | -            | -            |
|  | 37,048       | 32,266       |

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 2021 | 30 June 2020 |
|--|--------------|--------------|
|  | \$           | \$           |
| <b>Tenement Expenditure Commitments:</b>   |              |              |
| The Group is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2021/2022. 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. | 843,000      | 4,871,357    |

**(c) Black Range Joint Venture**

The Company has earned a 51% Participating Interest in exploration licence 5425 pursuant to the Stavelly Farm-in and Joint Venture Agreement with Black Range Metals Pty Ltd, and has elected to sole fund a further \$300,000 of Joint Venture Costs ('Second Contribution') in order to earn a further 29% Participating Interest (to a cumulative total of 80%). The Second Contribution must be sole funded by no later than 10 January 2023.

**(d) Contingencies**

The Group had no contingent liabilities at year end.

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**NOTE 18 – RELATED PARTIES**

**(a) Compensation of Key Management Personnel**

|                                | 30 June 2021 | 30 June 2020 |
|--------------------------------|--------------|--------------|
|                                | \$           | \$           |
| Short-term employment benefits | 680,488      | 762,781      |
| Post-employment benefits       | 65,573       | 70,761       |
| Equity-based payment           | 866,250      | 1,016,596    |
|                                | 1,612,311    | 1,850,138    |

**(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 \$136,588 (net of GST) was paid/payable for office rental and variable outgoings (2020: \$132,749, net of GST).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of E79 Gold Mines Limited (formerly Zamanco Minerals Limited) (“E79 Gold”). E79 Gold sub-leases office space in the premises the Company occupies. During the year an amount of \$20,136 (net of GST) was paid/payable by E79 Gold to the Company for reimbursement of office rental and associated expenses (2020: \$34,151, net of GST).

**(c) Transactions with Other Related Parties**

There were no transactions with other related parties (2020: none).

|   | 30 June 2021 | 30 June 2020 |
|---|--------------|--------------|
|   | \$           | \$           |
| <b>NOTE 19 – AUDITOR’S REMUNERATION</b>   |              |              |
| Amount received or due and receivable by the auditor for:                       |              |              |
| Auditing the financial statements, including audit review - current year audits | 39,940       | 40,850       |
| Other services – taxation and corporate advisory                                | 19,330       | 19,766       |
| Total remuneration of auditors  | 59,270       | 60,616       |

**NOTE 20 – 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.

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**NOTE 20 – SEGMENT INFORMATION - continued**

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.

**NOTE 21 – 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:

|  | <b>30 June 2021</b> | <b>30 June 2020</b> |
|--|---------------------|---------------------|
|  | \$                  | \$                  |
| <i>Financial Assets:</i>                     |                     |                     |
| Cash and cash equivalents - interest bearing | 13,702,392          | 9,210,894           |
| Other receivables – bonds and deposits       | 85,013              | 83,058              |
| Net exposure                                 | <u>13,787,405</u>   | <u>9,293,952</u>    |

*Sensitivity*

At 30 June 2021, if interest rates had decreased by 0.5% from the year end variable rates with all other variables held constant, post tax loss and equity for the Group would have been \$37,348 lower (2020: changes of 0.5% \$46,455 higher). The 0.5% (2020: 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.

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**NOTE 21 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**

**Market risk**

The Group has an exposure to market risk for its shares held in Nubian Resources Limited ('Nubian'), an entity listed in Canada on the TSV (note 4 and 5). The Group holds this investment as a result of receiving these shares as part consideration for the sale of a subsidiary (note 5). The Group does not intend to trade in securities, and as a result will look to sell this investment within the next year.

**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.

**NOTE 22 – PARENT ENTITY INFORMATION**

|  | Company      |              |
|--|--------------|--------------|
|  | 30 June 2021 | 30 June 2020 |
|  | \$           | \$           |
| <b>Statement of Financial Position Information</b> |              |              |
| Current assets                                     | 15,930,546   | 9,791,514    |
| Non-current assets                                 | 4,044,348    | 3,449,311    |
| Current liabilities                                | (3,304,391)  | (1,739,814)  |
| Non-current liabilities                            | (155,963)    | (182,546)    |
| Net Assets   | 16,514,540   | 11,318,465   |
| Issued capital                                     | 76,523,797   | 50,033,910   |
| Reserves   | 7,045,973    | 5,807,189    |
| Accumulated losses                                 | (67,055,230) | (44,522,634) |
|  | 16,514,540   | 11,318,465   |
| <b>Profit or loss information</b>                  |              |              |
| Loss for the year                                  | (22,532,596) | (15,575,239) |
| Comprehensive loss for the year                    | (22,532,596) | (15,575,239) |

**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 2021            | 30 June 2020 |
|-------------------------------------|----------------|------------------------|-------------------------|--------------|
| Name of Controlled Entity           | Class of Share | Place of Incorporation | % Held by Parent Entity |              |
| Van Diemens Gold Pty Ltd            | Ordinary       | Australia              | 100%                    | 100%         |
| Stavely Tasmania Operations Pty Ltd | Ordinary       | Australia              | 100%                    | 100%         |
| Ukalunda Pty Ltd*                   | Ordinary       | Australia              | -                       | 100%         |
| Stavely Tasmania Pty Ltd*           | Ordinary       | Australia              | -                       | 100%         |

\* Refer to note 5 for details of subsidiaries sold during the year.

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#### NOTE 23 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

##### *Options issued under Employee Incentive Plan*

On 30 August 2021, 200,000 unlisted options were issued to an employee under Stavelly's Employee Incentive Plan. These options have an exercise price of \$0.56 and expire 30 November 2022.

##### *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 2021 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 2021 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 2021 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.

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### 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.

#### Recoverability of deferred exploration expenditure

| Key audit matter   | How the matter was addressed in our audit   |
|--|---|
| <p>As disclosed in Note 12 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"> <li>• 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;</li> <li>• 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;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in the financial report.</li> </ul> |

### 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 2021, 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.

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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.

#### **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](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 58 to 63 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Stavelly Minerals Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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### 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, 14 September 2021

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Information as at 9 September 2021

**a) Substantial Shareholders**

| Name                   | Number of Ordinary Shares<br>per Notice given to<br>Stavely Minerals Limited |
|------------------------|--|
| Peter Reynold Ironside | 31,887,982   |

**b) Shareholder Distribution Schedule**

| Size of Holding  | Number of<br>Shareholders |
|--|---------------------------|
| 1 - 1,000  | 417                       |
| 1,001 - 5,000  | 1,125                     |
| 5,001 - 10,000   | 730                       |
| 10,001 - 100,000   | 1,465                     |
| 100,001 and over   | 304                       |
| <b>Total</b>   | <b>4,041</b>              |
| Number of shareholders holding less than a marketable parcel | 462                       |

**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 Citicorp Nominees Pty Limited                              | 23,092,433                | 8.85                |
| 2 Chaka Investments Pty Ltd                                  | 19,580,000                | 7.50                |
| 3 BNP Paribas Noms Pty Ltd <DRP>                             | 12,450,100                | 4.77                |
| 4 BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP> | 8,538,755                 | 3.27                |
| 5 Ironside Pty Ltd <Ironside Family A/C>                     | 6,592,621                 | 2.53                |
| 6 Greenstone Property Pty Ltd <Titeline Property A/C>        | 6,122,678                 | 2.35                |
| 7 HSBC Custody Nominees (Australia) Limited                  | 5,861,207                 | 2.25                |
| 8 Ironside Pty Ltd <The Ironside Super Fund A/C>             | 5,715,361                 | 2.19                |
| 9 Ms Jennifer Elaine Murphy                                  | 5,029,012                 | 1.93                |
| 10 Ms Roslyn Theresa Cairns                                  | 4,400,000                 | 1.69                |
| 11 Mr Christopher John Cairns                                | 3,136,350                 | 1.20                |
| 12 Ms Savannah Sydney Jackson                                | 3,097,667                 | 1.19                |
| 13 Ms Julie Ann Cairns                                       | 2,747,512                 | 1.05                |
| 14 Goldwork Asset Pty Ltd <Cairns Family S/F A/C>            | 2,738,387                 | 1.05                |
| 15 Mr Harle John Mossman                                     | 2,295,849                 | 0.88                |
| 16 Ms Xiaodan Wu   | 2,157,903                 | 0.83                |
| 17 Goldwork Asset Pty Ltd <The Cairns Family A/C>            | 2,147,531                 | 0.82                |
| 18 Michelle Maria Skinner                                    | 2,074,204                 | 0.79                |
| 19 Brazil Farming Pty Ltd                                    | 2,000,000                 | 0.77                |
| 20 Fairall Holdings Pty Limited <Fairall Super Fund A/C>     | 2,000,000                 | 0.77                |
|  | <b>121,777,570</b>        | <b>46.68</b>        |
| Shares on issue at 9 September 2021                          | <b>260,961,452</b>        |                     |

**e) Unlisted Options**

**Issued under Stavely's Employee Incentive Plan:**

| # of Options | Exercise Price | Expiry Date | # of Holders |
|--------------|----------------|-------------|--------------|
| 2,700,000    | \$1.47         | 30/11/2022  | 12           |
| 200,000      | \$0.56         | 30/11/2022  | 1            |
| 4,102,500    | \$1.20         | 31/10/2023  | 19           |

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Tenement Portfolio - Victoria

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The tenements held by Stavely Minerals as at 30 June 2021 are as follows:

| Area Name       | Tenement | Grant Date/<br>(Application Date) | Size (Km <sup>2</sup> ) |
|-----------------|----------|-----------------------------------|-------------------------|
| Black Range JV* | EL 5425  | 18 December 2012                  | 100                     |
| Yarram Park     | EL 5478  | 26 July 2013                      | 26                      |
| Ararat          | RL 2020  | 8 May 2020                        | 28                      |
| Stavely         | RL 2017  | 8 May 2020                        | 81                      |
| Stavely         | EL 6870  | (30 October 2018)                 | 1027                    |
| Yarram Park     | EL 7628  | (26 May 2021)                     | 28                      |

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

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**STAVELY MINERALS LIMITED**

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