



ASX Code: SVY

Issued Shares: 214M

Cash Balance: \$17.5M

ABN 33 119 826 907

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HALF-YEAR REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Highlights

Thursday's Gossan Copper-Gold Prospect (Stavely Project, western Victoria)

- The Ultramafic Contact Fault (UCF) mineralisation discovery hole SMD050 returned exceptional results including:
 - 32m at 5.88% copper, 1.00g/t gold and 58g/t silver from 62m down-hole including:
 - 12m at 14.3% copper, 2.26g/t gold and 145g/t silver; including:
 - 2m at 40% copper, 3.00g/t gold and 517g/t silver; and
 - 4.4m at 3.98% nickel and 0.23% cobalt from 96.7m drill depth.
 - First step-out diamond hole SMD051, located 160m along strike to the south-east of SMD050, returned outstanding assay results including:
 - 8m at 9.69% copper, 0.40g/t gold and 16.8g/t silver from 177m drill depth; including:
 - 2m at 17.3% copper, 0.57g/t gold and 13.1g/t silver from 179m drill depth.
- And a second intercept of:
- 59m at 1.80% copper, 0.43g/t gold and 15.4g/t silver from 98m down-hole including:
 - 8.5m at 4.38% copper, 0.87g/t gold and 32.7g/t silver, and
 - 3m at 5.66% copper, 0.29g/t gold and 4.6g/t silver
- Shallow high-grade copper-gold-silver intercepts of varying widths have been returned on the UCF in diamond drill holes SMD053, SMD054, SMD055, SMD056, SMD058, SMD059, SMD060, SMD061 and mineralisation observed in SMD067 extends the strike to ~700m and is open in all directions.
- The mineralisation is characterised by structurally controlled massive to semi-massive sulphide and quartz-sulphide with early pyrite that is fractured and brecciated by later copper sulphides dominated by chalcopyrite, bornite and chalcocite.

Major Achievements

- A review of drill core, assay results and other technical data undertaken in conjunction with Stavely's consultants, Drs Greg Corbett, Scott Halley and Paul Ashley highlighted the significant similarities between the large mineral system at Thursday's Gossan with the Butt, Montana and Magma, Arizona copper deposits. This prompted Stavely Minerals to test for similar high-grade lode-hosted copper-gold-silver mineralisation at shallower depths.
- The first diamond hole, SMD050 drilled targeting the high-grade structurally controlled copper-gold-silver mineralisation within the Ultramafic Contact Fault (UCF) returned stunning grades of up to 40% copper within a 32m wide high-grade zone.
- Laboratory assays received and the visuals from the completed holes demonstrate growing scale and potential of the shallow copper-gold discovery at Thursday's Gossan, which has grown to 700m in strike length and remains open in all directions. 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.
- It is now believed that the 'chalcocite enriched blanket' 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.
- Stavely Minerals completed a capital raising of \$19.6M:
 - \$19.6M sophisticated and institutional investor share placement at \$1.00 per share.
 - Funds to be used to accelerate drilling at the Thursday's Gossan prospect, other regional targets in the Stavely Project, as well as advancing the gold targets in Tasmania and Queensland.
- The Company's wholly owned subsidiary, Stavely Tasmania Pty Ltd (Stavely Tasmania) was granted exploration licences EL19/2018, EL4/2019 and EL6/2019 over the New Golden Gate Mine within the highly prospective Alberton – Mathinna "Gold Corridor" in northeast Tasmania.
- Stavely Tasmania acquired:
 - a key exploration licence covering the structural extension of the high-grade Mathinna Gold Project in Tasmania;
 - the majority of the historical Lefroy goldfield where past gold production is reported to be 180,000 oz at 28g/t gold¹; and
 - an exploration licence in central Victoria approximately 10km east of the world-class 9 million-ounce Fosterville Gold Mine.
- In addition to the licence acquisitions, Stavely Tasmania was granted up to \$50,000 towards direct drilling costs on each of the granted exploration licences, EL4/2019 and EL19/2018 as part of the Mineral Resources Tasmania Exploration Drilling Grant Initiative Program 2020.

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

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Directors

Christopher Cairns (Executive Chairman)
Jennifer Murphy (Technical Director)
Peter Ironside (Non-Executive Director)
Amanda Sparks (Non-Executive Director)

Company Secretary

Amanda Sparks

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Claremont Western Australia 6010

Stock Exchange Listing

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ASX Code: SVY

Auditors

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Your Directors submit their interim financial report on the consolidated entity consisting of Stavely Minerals Limited ("Stavely") and the entities it controls at the end of the half-year ended 31 December 2019.

DIRECTORS

The Directors in office at the date of this report and at any time during the half-year are as follows. Directors were in office for the entire period unless otherwise stated.

Christopher Cairns
Jennifer Murphy
Peter Ironside
Amanda Sparks

PRINCIPAL ACTIVITY

The Group's principal activity was mineral exploration during the half-year. There were no significant changes in the nature of the principal activities during the half-year.

REVIEW AND RESULTS OF OPERATIONS

SUMMARY OF FINANCIAL PERFORMANCE

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

	Six Months Ended 31 December 2019 \$	Six Months Ended 31 December 2018 \$
Cash and cash equivalents held at half-year end	17,501,395	2,342,914
Net profit/(loss) for the half-year after tax	(6,126,001)	(4,796,882)
Basic profit/(loss) per share (cents)	(3.13)	(3.14)
Net cash from/(used in) operating activities	(3,667,334)	(4,108,694)
Net cash from/(used in) investing activities	17,535	(93,750)
Net cash from/(used in) financing activities	18,275,332	(13,683)

During the half-year:

- Expenditure on exploration totalled \$3,825,162 (2018 half year: \$3,003,761).
- Last year, on 17 April 2019, 7,692,308 ordinary shares at 26 cents were issued to Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust as a prepayment of \$2,000,000 for drilling services to be utilised over 12 months to April 2020. During the half year, 1,411,204 shares (\$366,913) were released from escrow to pay for drilling services. As at 31 December 2019, 3,771,682 shares remain in escrow.
- On 18 October 2019, Stavely issued 19,610,000 shares at \$1.00 per share pursuant to a placement to sophisticated and institutional investors. Gross proceeds were \$19,610,000.

SUMMARY OF OPERATIONS

The locations of the Company's Projects are presented in Figures 1 to 4.

During and subsequent to the half-year, drilling focused on follow-up of the exceptional results received from the discovery diamond hole SMD050, which targeted high-grade structurally-controlled copper-gold-silver mineralisation within the Ultramafic Contact Fault (UCF). SMD050, the first hole testing the UCF target returned:

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

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

- 59m at 1.80% copper, 0.43g/t gold and 15.4g/t silver from 98m down-hole including:
 - 8.5m at 4.38% copper, 0.87g/t gold and 32.7g/t silver, and
 - 3m at 5.66% copper, 0.29g/t gold and 4.6g/t silver

and a second intercept of:

- 8m at 9.69% copper, 0.40g/t gold and 16.8g/t silver from 177m drill depth; including:
 - 2m at 17.3% copper, 0.57g/t gold and 13.1g/t silver

Ongoing drilling along the UCF continues to deliver strong copper-gold-silver mineralisation over significant widths.

The widths and grades vary as the structure pinches and swells, but the consistency of the mineralisation is notable – particularly as mineralisation has been intersected in hole SMD067, which extends the overall strike length of the discovery to around 700m. And it remains open in all directions.

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

In addition to the licence acquisitions in Tasmania in the Mathinna and Lefroy goldfields, Stavelly Tasmania was granted up to \$50,000 towards direct drilling costs on each of the granted exploration licences, EL4/2019 and EL19/2018 as part of the Mineral Resources Tasmania Exploration Drilling Grant Initiative Program 2020. During the half-year diamond drilling commenced at the Mathinna Project.

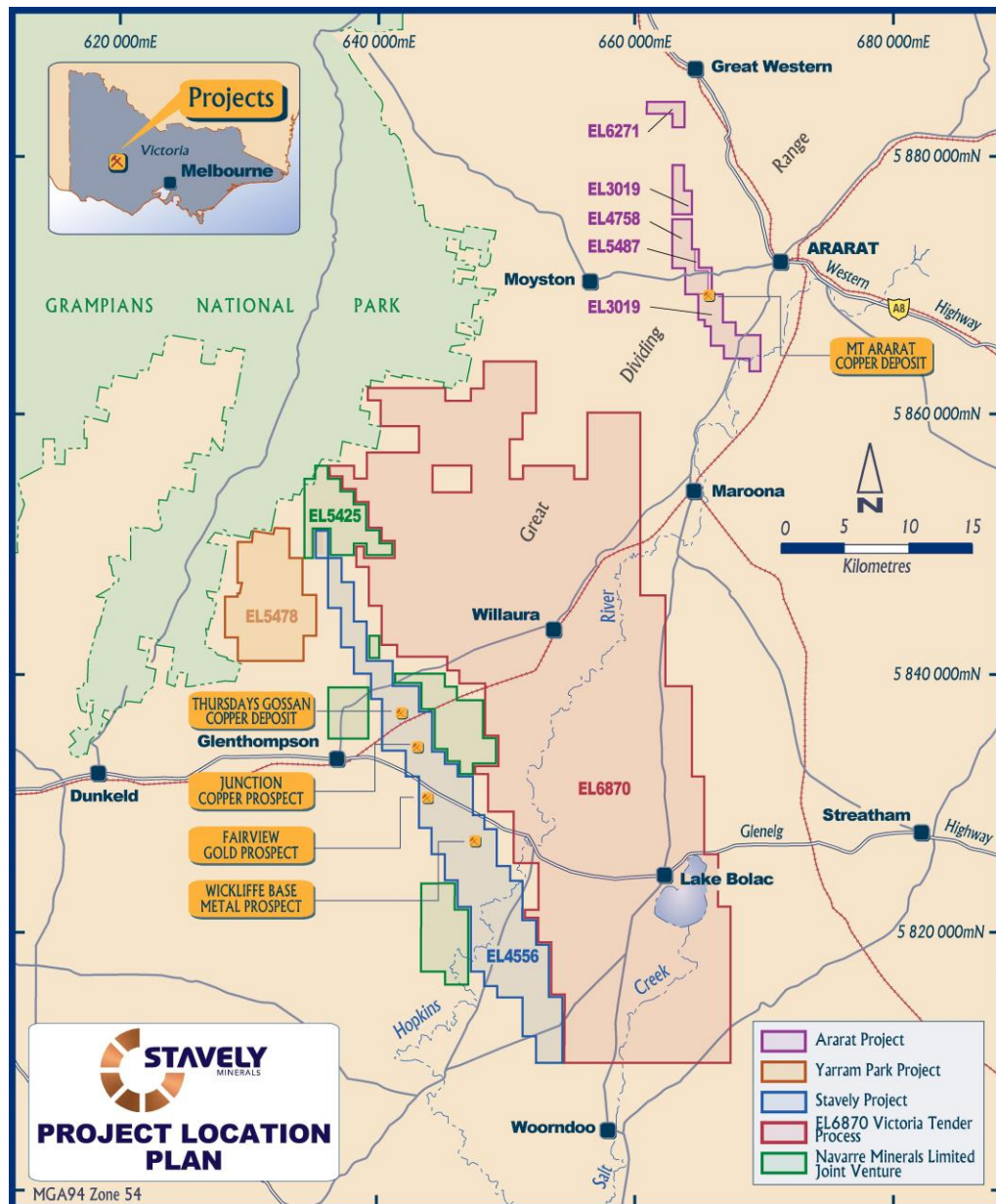


Figure 1. Western Victoria Project location plan.

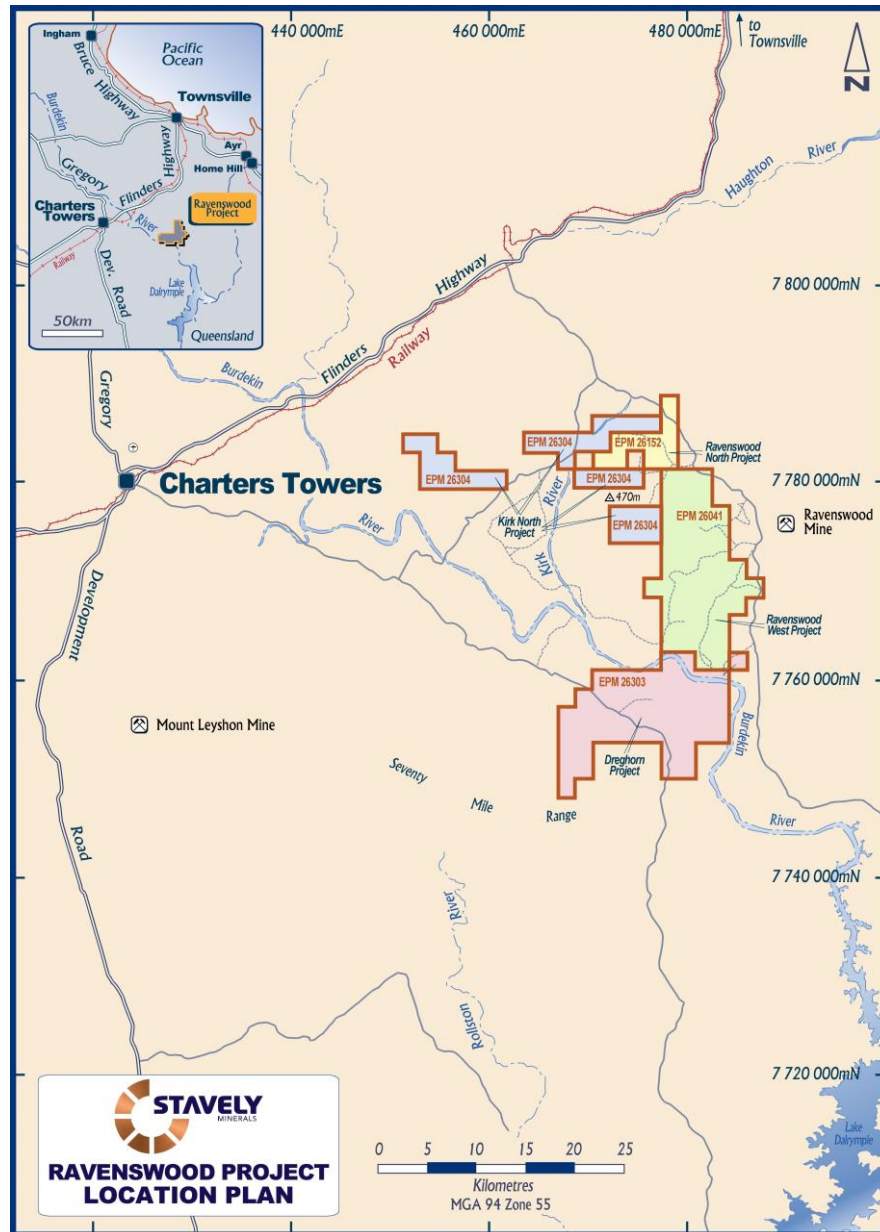


Figure 2. North Queensland Project location plan.

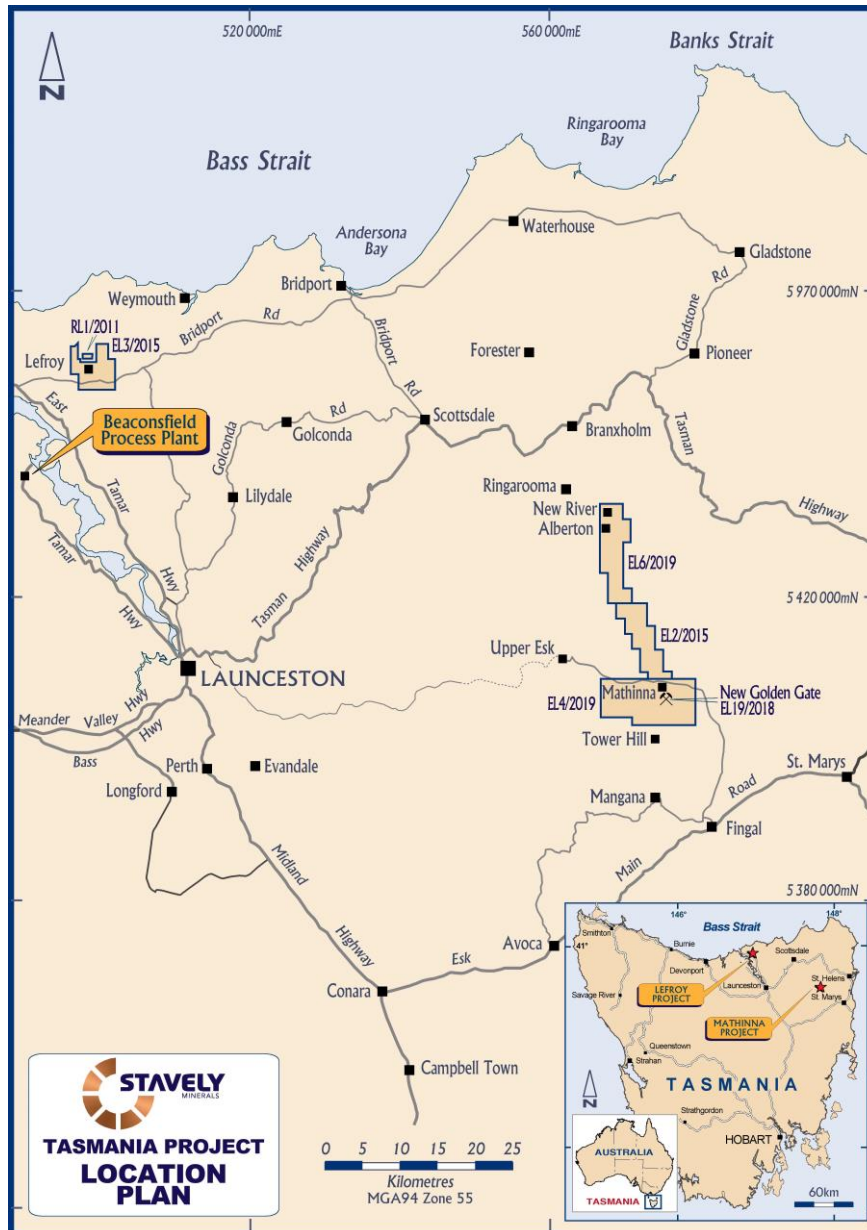


Figure 3. Tasmania Project location plan.

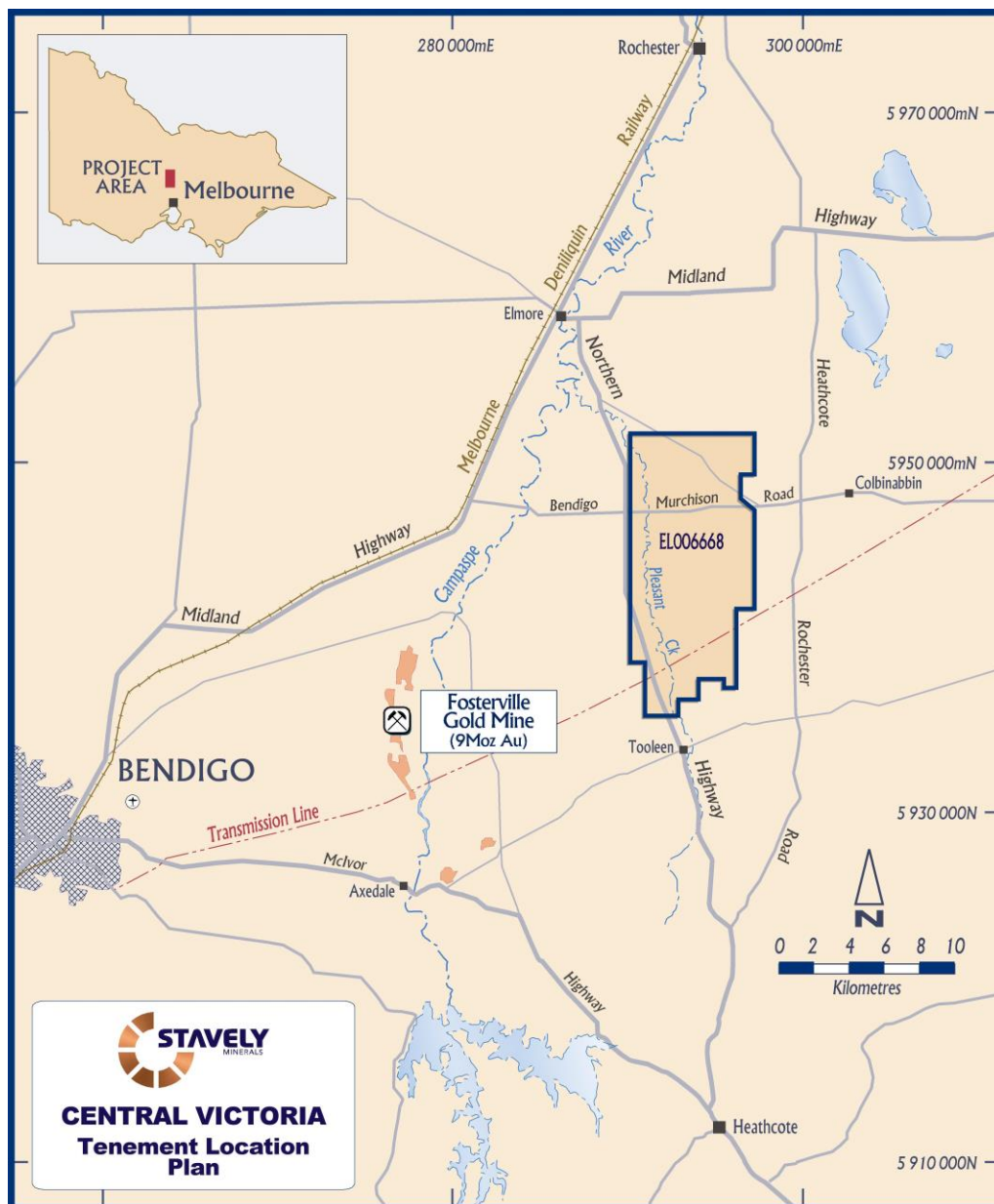


Figure 4. Central Victoria Project location plan.

ARARAT PROJECT (EL 4758, EL 3019, EL 5478, EL 5486 & EL 6271)

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

STAVELY PROJECT (EL 4556)

During and subsequent to the half-year the Company completed diamond drill hole SMD049, targeting the deep porphyry and drilled diamond holes SMD050 to SMD070, which targeted the high-grade structurally-controlled copper-gold-silver mineralisation within the Ultramafic Contact Fault (UCF)

Hole SMD049 was designed to target the source porphyry believed to be responsible for high-grade structurally-controlled polymetallic epithermal copper-gold-silver mineralisation encountered in drill holes SMD044, SMD044W1, SMD045, SMD045W1 and SMD045W2 (Figure 5). Diamond drill hole SMD044 returned 38.3m @ 1.59% copper, 0.27 g/t gold and 8g/t silver from 890m, including 6m @ 2.75% copper, 0.25 g/t gold and 7 g/t silver and 12.3m @ 2.59% copper, 0.44 g/t gold and 18 g/t silver in the north-south structure. Diamond drill hole wedge SMD045W2 returned 12m @ 0.51% copper, 0.1g/t gold and 2g/t silver from 1,129m, including 4m @ 0.91% copper, 0.12g/t gold and 2g/t silver from 1,133m in the north-south structure.

SMD049, which was drilled from north to south, parallel to the mineralisation-hosting NSS, was completed to a depth of 1,767.6m (Figure 6). The hole did not intersect the source porphyry, as the hole encountered appreciable molybdenite in porphyry A veins from 1,315m to approximately 1,440m down-hole. This is consistent with an outer molybdenite halo to a porphyry. It is possible that the drill hole ended in the barren core to the QDP porphyry – interpreted to be porphyry #2 in a sequence of four porphyry phases – the later two phases have not yet been seen in drilling but are the likely drivers of the structurally-controlled copper-gold-silver mineralisation.

A review of drill core, assay results and other technical data undertaken in conjunction with Stavely's consultants, Drs Greg Corbett, Scott Halley and Paul Ashley, conducted during the half-year, lead to a step-change improvement in the Company's understanding of the mineralisation style at the Thursday's Gossan prospect resulting in the drilling of discovery hole SMD050.

The review highlighted significant similarities in mineralisation processes between the large mineral system at Thursday's Gossan and the Butte, Montana and Magma, Arizona copper deposits. Similarities include the large vertical extent of mineralisation and that the copper sulphide species in the plane of the mineralised structures is zoned both vertically and laterally. Whilst previous drill holes SMD032, 044, 044W1 and 045 intercepted high-grade lode-style copper-gold-silver mineralisation on the north-south structure (NSS), those intercepts were at significant depths of between 500m to over 1,000m drill depth. The recognition of this lode-style of mineralisation, not previously noted in Australia, prompted Stavely Minerals to test for similar high-grade lode-hosted copper-gold-silver mineralisation at shallower depths.

Stavely Minerals is compelled to caution that the exploration program targeting lode-style copper mineralisation is at an early stage and the Company does not intend to imply that Thursday's Gossan will become a Magma or Butte sized system, rather that it shares the lode-style and copper sulphide zonation observed at these deposits (Figure 7).

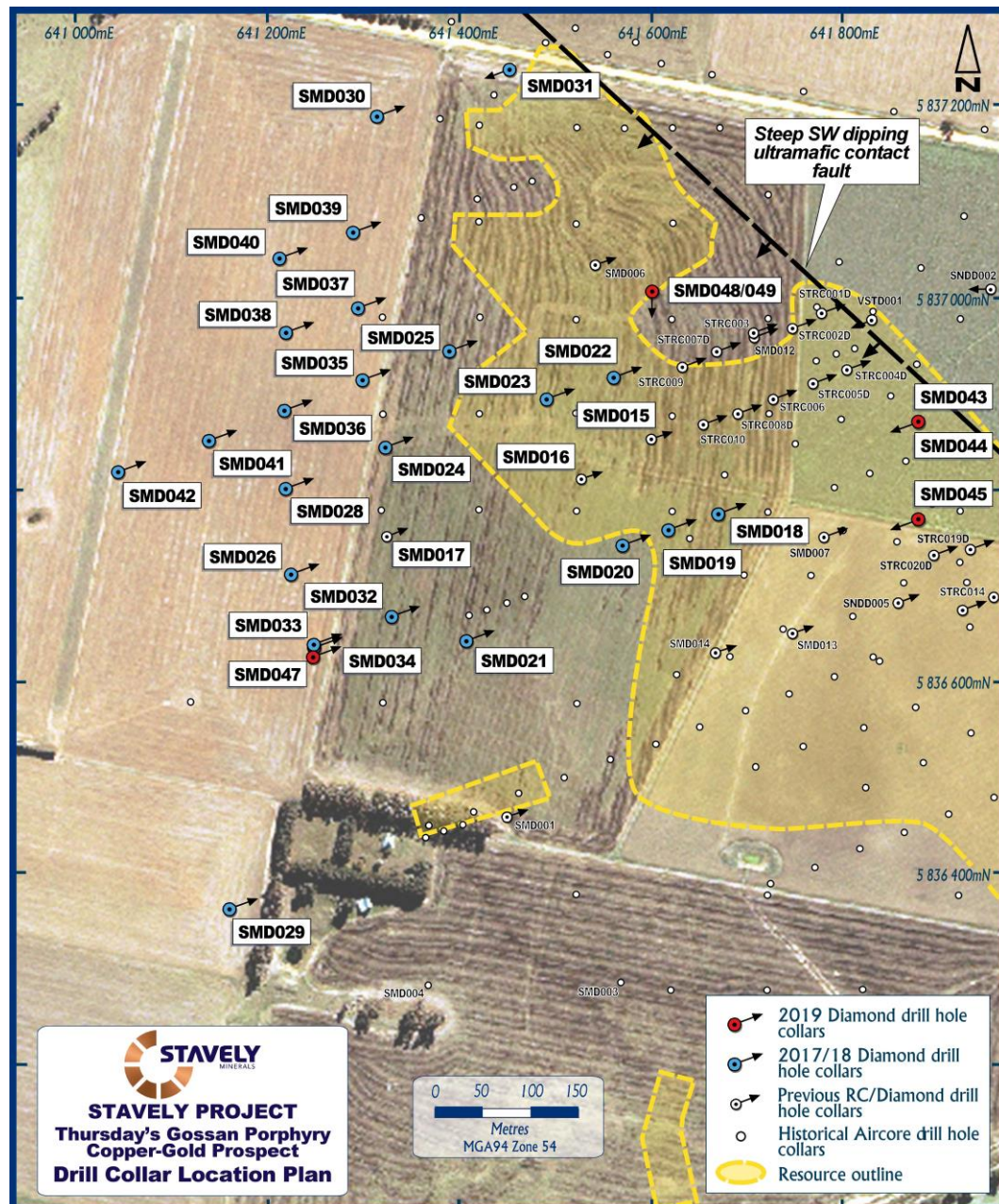


Figure 5. Drill collar location plan for SMD049.

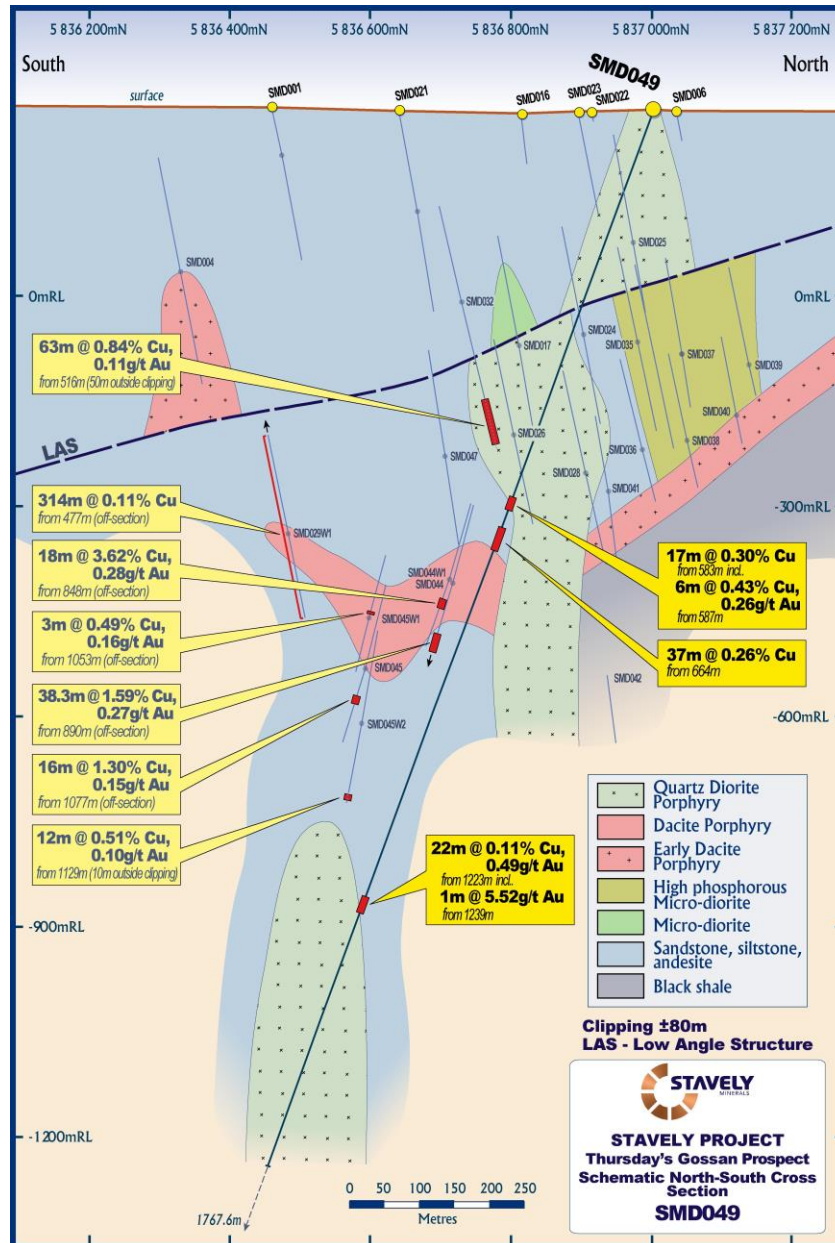


Figure 6. Drill section SMD049.

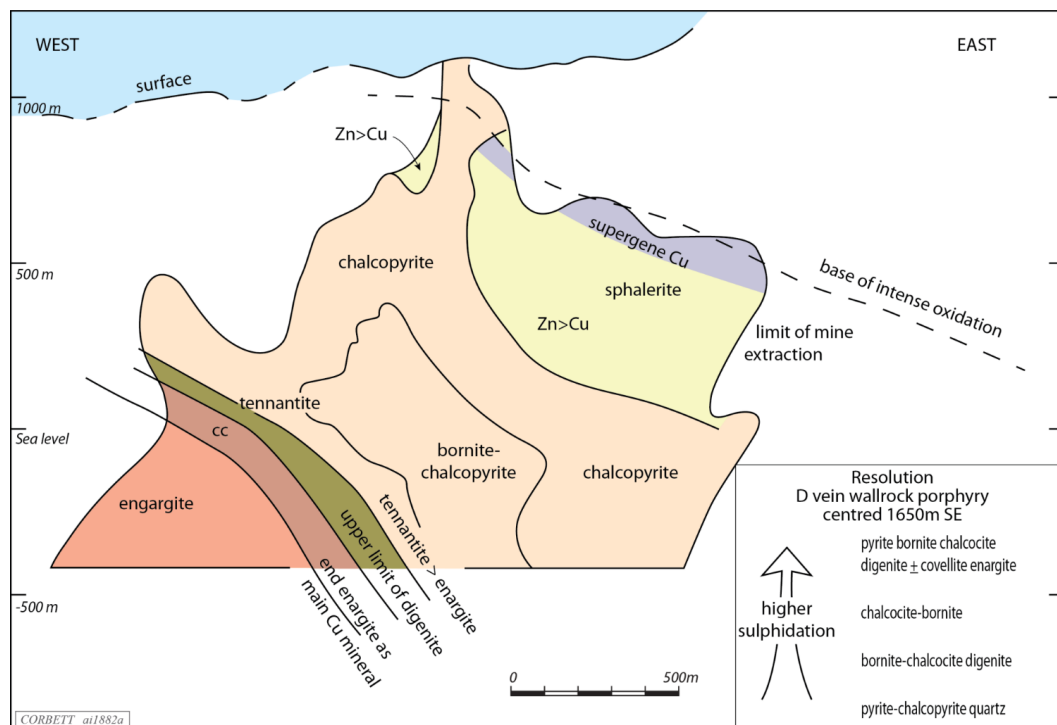


Figure 7. Spatial zonation of copper sulphide species in the Magma Vein – provided by Dr Greg Corbett.

The drill hole collar locations for SMD050 to SMD070 are presented in Figures 8 and 9.

SMD050, the first hole testing the UCF target, returned (Figure 10):

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

Drill hole SMD050 also intersected:

- 4.4m at 3.98% nickel, 0.23% cobalt and >1% chrome

It is suspected that the nickel has been sourced from the ultramafic by the hot and acidic hydrothermal fluids also responsible for the copper-gold-silver mineralisation.

The first step out hole SMD051, located 160m south of the discovery hole, returned an outstanding thick mineralised intercept (Figure 11):

- 59m at 1.80% copper, 0.43g/t gold and 15.4g/t silver from 98m down-hole including:
 - 8.5m at 4.38% copper, 0.87g/t gold and 32.7g/t silver, and
 - 3m at 5.66% copper, 0.29g/t gold and 4.6g/t silver

and a second intercept of:

- 8m at 9.69% copper, 0.40g/t gold and 16.8g/t silver from 177m drill depth; including:
 - 2m at 17.3% copper, 0.57g/t gold and 13.1g/t silver

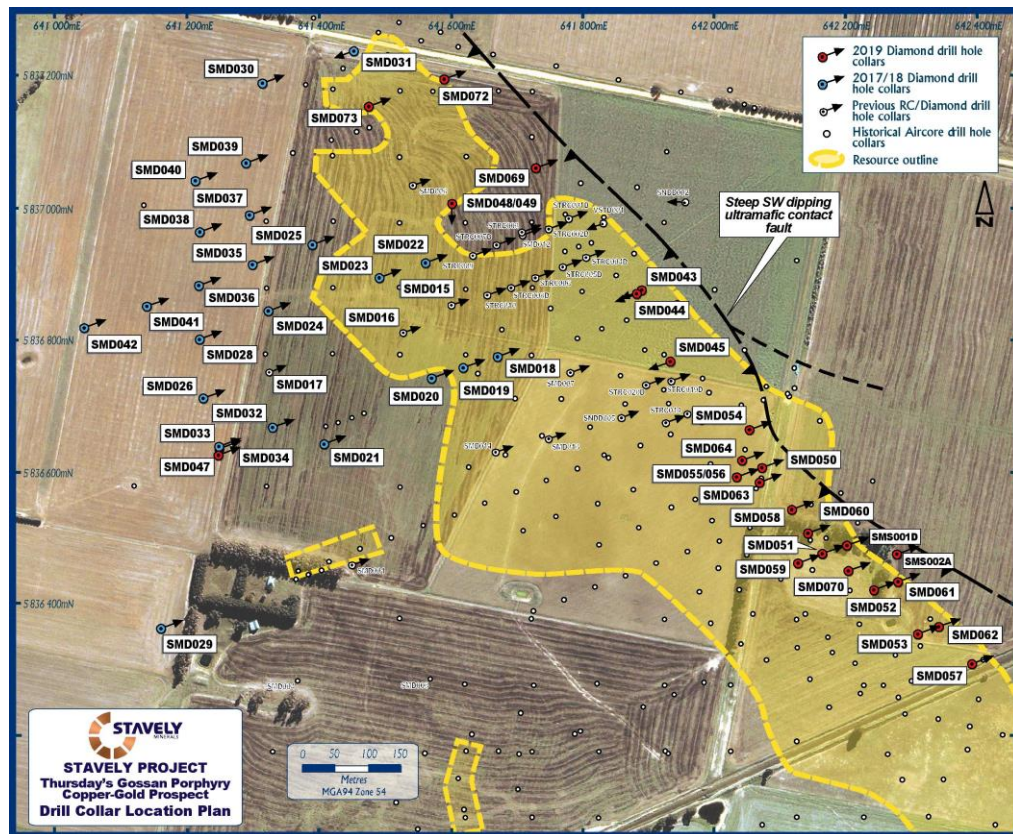


Figure 8. Thursday's Gossan drill hole location plan.

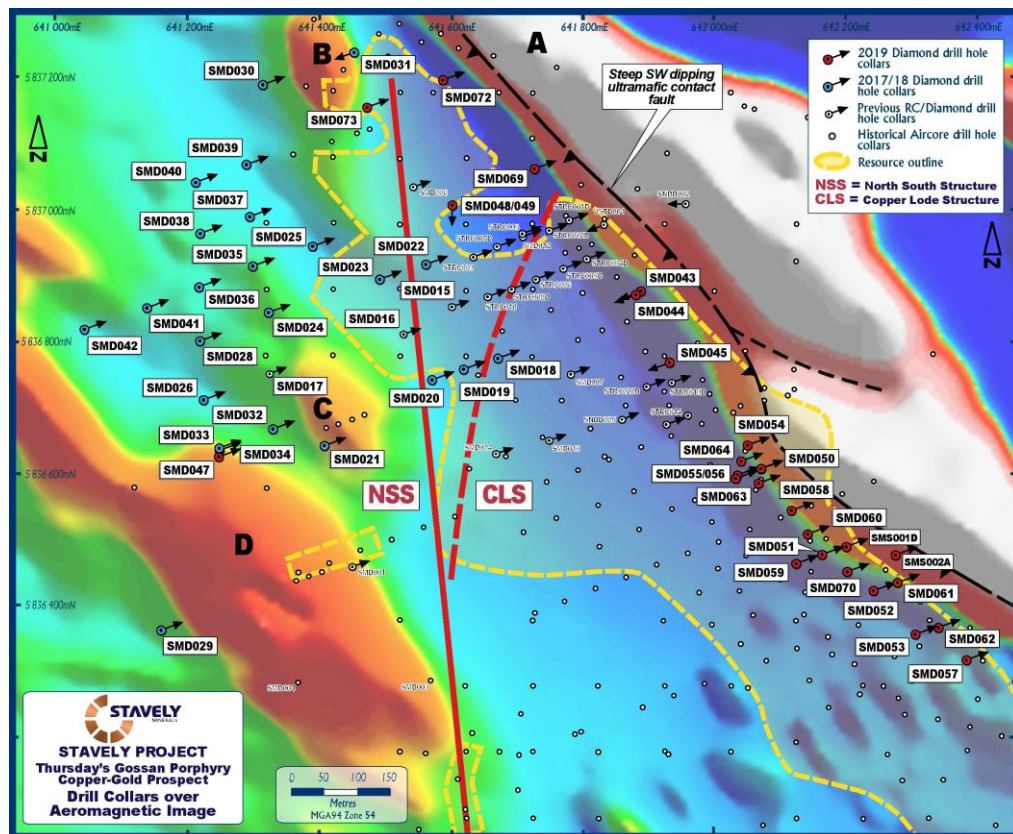


Figure 9. TMI Magnetic image of Thursday's Gossan with drill collars overlaid.

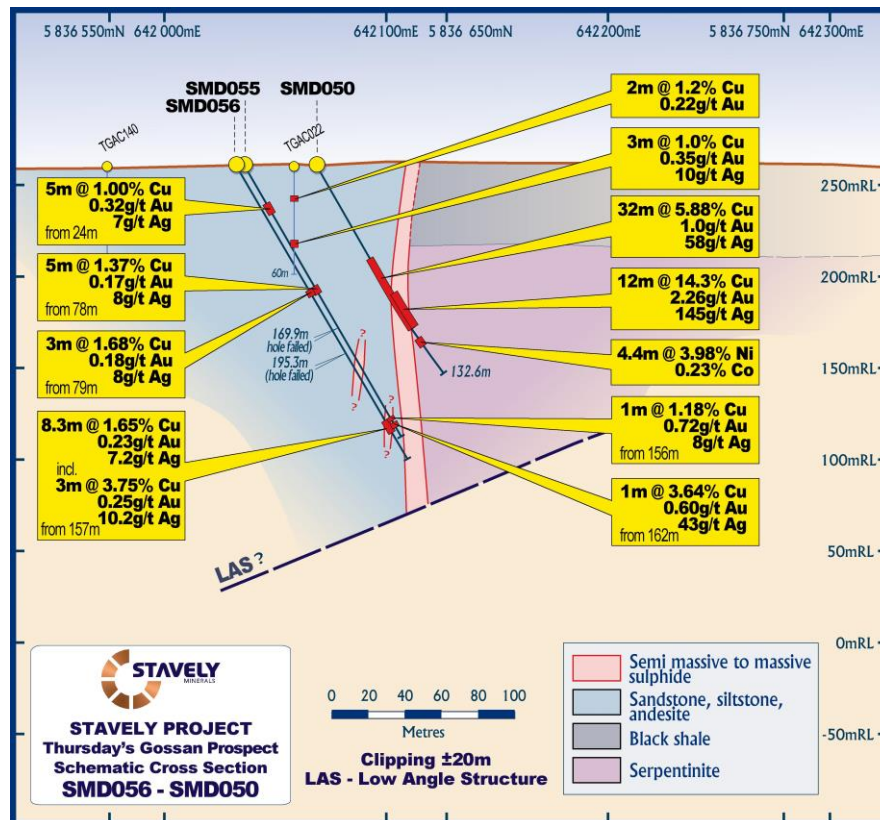


Figure 10. Drill section SMD056 – SMD050.

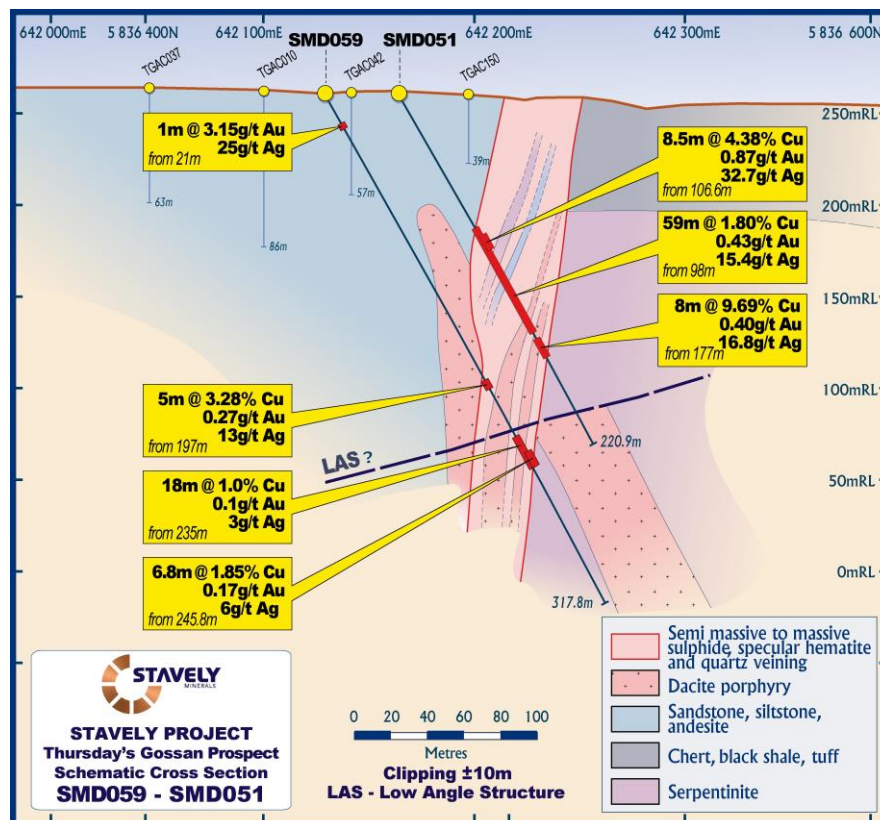


Figure 11. Drill section SMD059 – SMD051.

Drill hole SMD052 did not test the UCF as it intercepted the low-angle structure (LAS) before reaching the target mineralised position. SMD052 did intercept shallow copper mineralisation typical of the chalcocite enriched blanket (Figure 12):

- 67m at 0.38% copper, 0.1g/t gold and 2.5g/t silver, including
 - 16m at 0.63% copper, 0.28g/t gold and 7g/t silver, including
 - 7m at 0.98% copper, 0.23g/t gold and 12g/t silver

Diamond drill hole SMD053, which is located 320m to the south-east of discovery drill hole SMD050, intersected a narrower zone of shallow copper-gold-silver mineralisation with grades of up to 1 metre at 8.42% copper and 1.77g/t gold and 1m at 2.91% copper and 8.69g/t gold (Figure 13):

- 10.3m at 3.09% copper, 1.69g/t gold and 22.6g/t silver from 201m down-hole; including:
 - 5m at 5.81% copper, 3.20g/t gold and 43.6g/t silver, and;
- 2m at 1.17% copper, 1.23g/t gold and 4.1g/t silver

SMD054, located 40m north-west of the discovery drill hole SMD050, intersected (Figure 14):

- 11m at 4.62% copper, 0.57g/t gold and 25g/t silver from 86m down-hole, including:
 - 7m at 7.10% copper, 0.72g/t gold and 39g/t silver, including;
 - 3m at 10.87% copper, 0.67g/t gold and 52g/t silver

Similar to discovery drill hole SMD050, which encountered a zone of high-grade nickel-cobalt mineralisation, drill hole SMD054 also intersected:

- 5m at 1.42% nickel and 0.05% cobalt from 96m down-hole

SMD055, drilled 40 metres down-dip of the discovery hole SMD050, was abandoned just before the target zone as the core barrel broke and could not be recovered. However, the drill hole did return the following significant shallow intercepts (Figure 10):

- 5m at 1.00% copper, 0.32g/t gold and 7g/t silver from 24m down-hole,
- 5m at 1.37% copper, 0.17g/t gold and 8g/t gold from 78m drill depth

Diamond hole SMD056, a re-drill of SMD055, also did not reach target depth due to the drill rods breaking. Despite this, the hole still intersected a significant zone of mineralisation including (Figure 10):

- 3m at 1.68% copper, 0.18g/t gold and 8g/t silver from 79m down-hole,
- 8.3m at 1.65% copper, 0.23g/t gold and 7.2g/t silver from 157m down-hole, including:
 - 3m at 3.75% copper, 0.25g/t gold and 10.2g/t silver

Drill hole SMD057 was not an effective test of the target UCF as it intersected the LAS first (Figure 15).

SMD058, located 80m to the south-east of discovery drill hole SMD050 (Figure 5 & 6), intersected a thicker zone of mineralisation including a narrower high-grade interval (Figure 16):

- 23m at 1.34% copper, 0.26g/t gold and 3.5g/t silver from 68m down-hole, including:
 - 3m at 6.33% copper, 0.27g/t gold and 2.9g/t silver

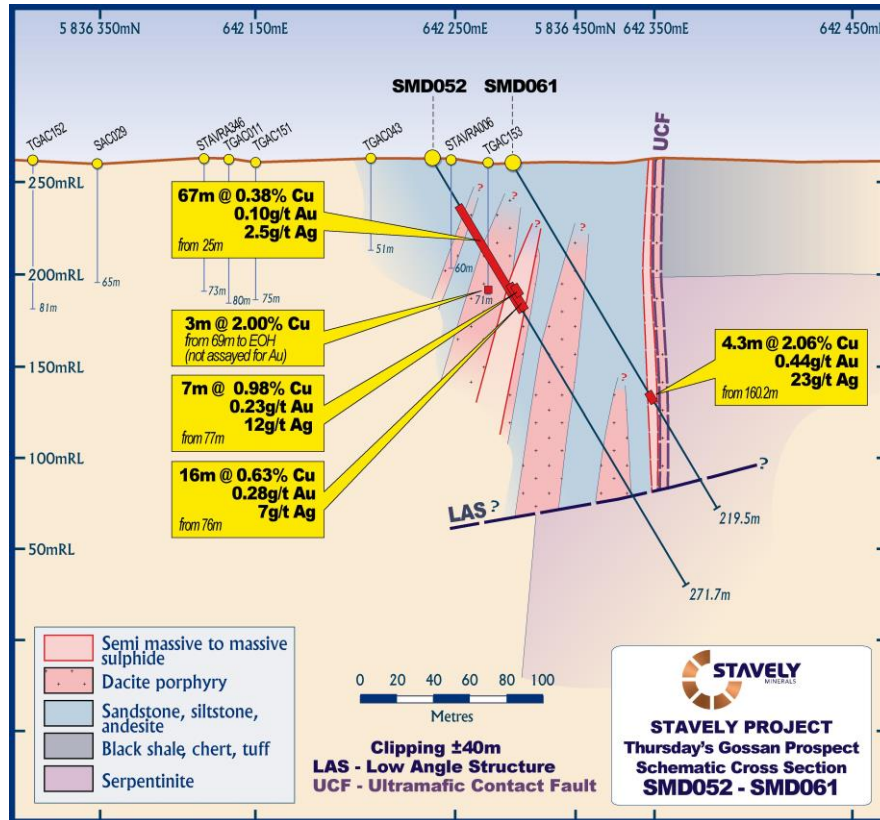


Figure 12. Drill section SMD052 – SMD061.

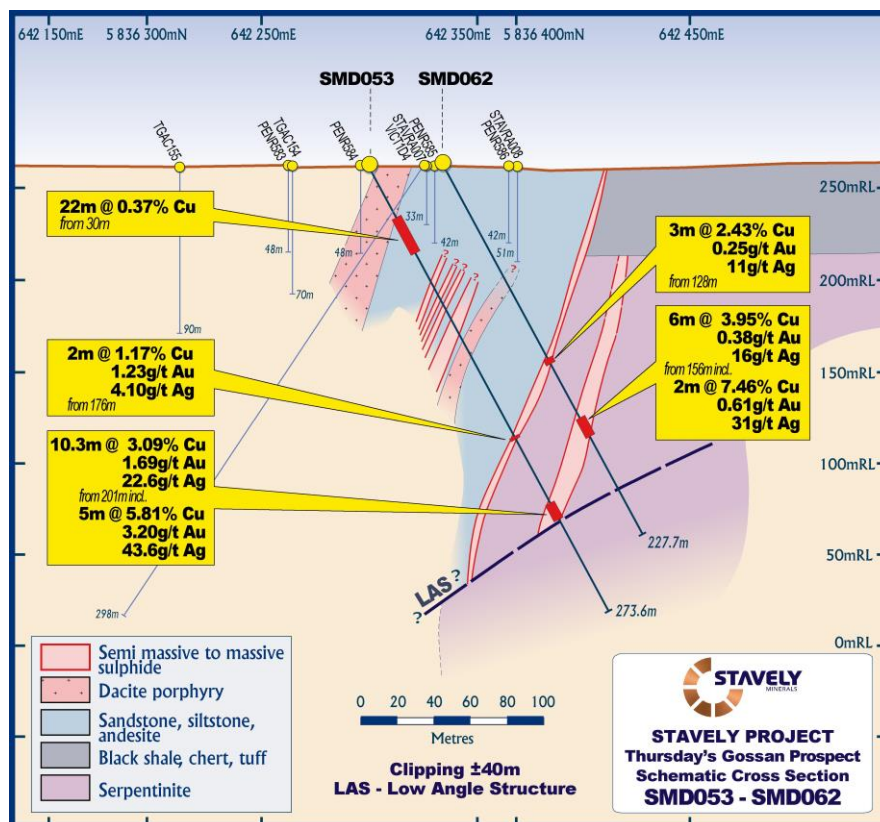


Figure 13. Drill section SMD053 – SMD062.

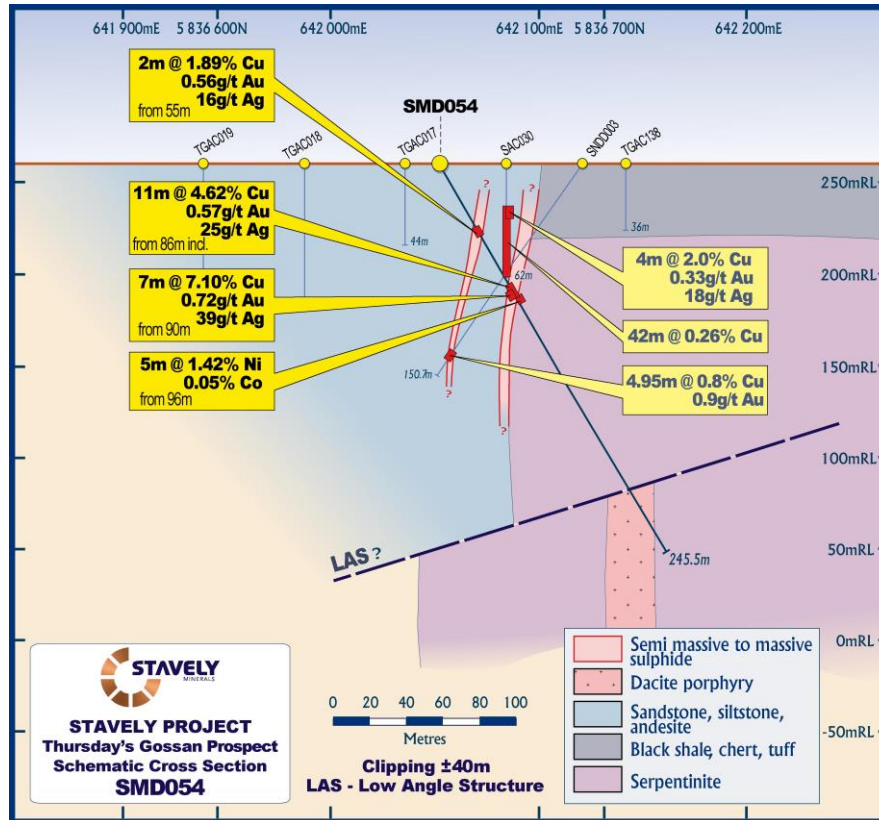


Figure 14. Drill section SMD054.

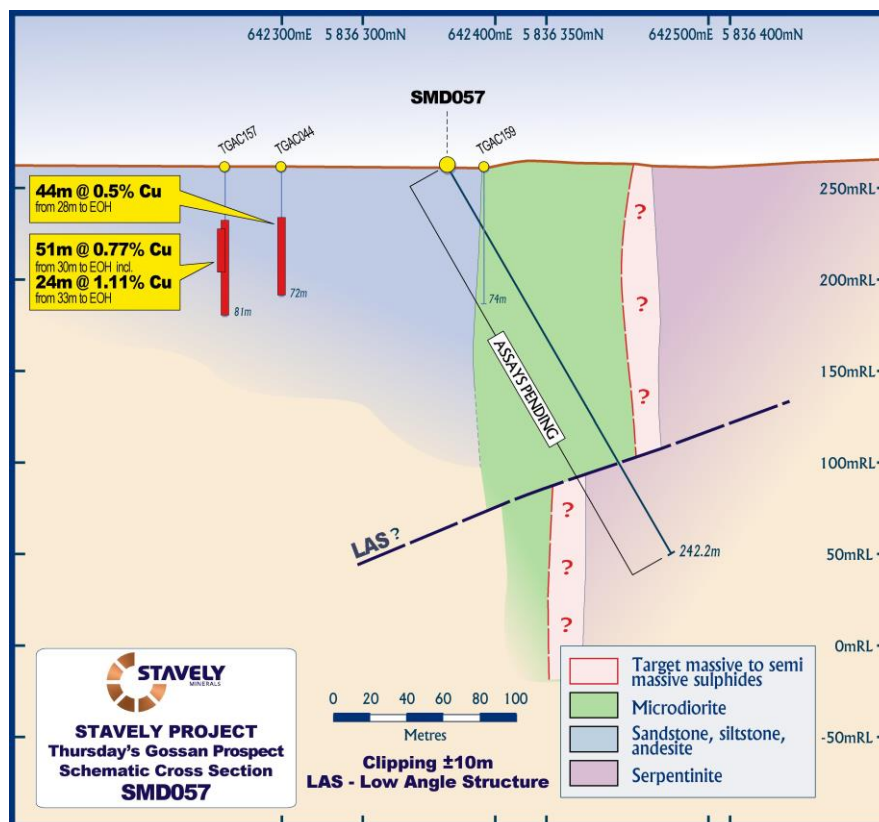


Figure 15. Drill section SMD057.

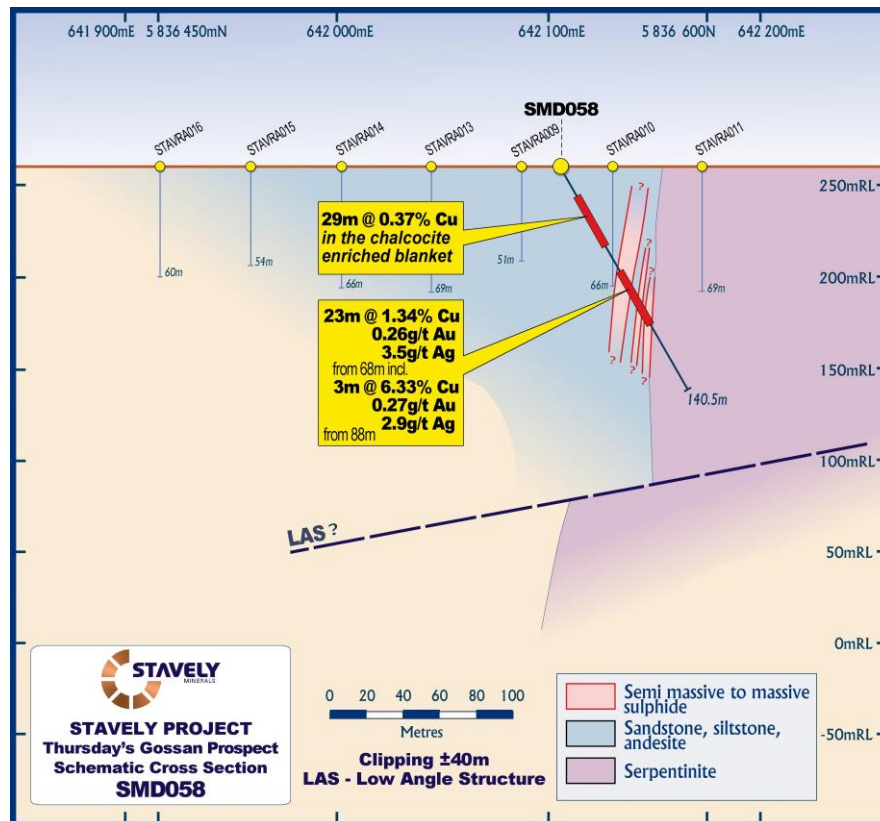


Figure 16. Drill section SMD058.

Diamond drill hole SMD059, located 40m down-dip of drill hole SMD051, intersected two zones of significant mineralisation including (Figure 11):

- 5m at 3.28% copper, 0.27g/t gold and 13g/t silver from 197m down-hole,
- 18m at 1.00% copper, 0.1g/t gold and 3g/t silver from 235m down-hole, including;
 - 6.8m at 1.85% copper, 0.17g/t gold and 6g/t silver from 245.8m

The mineralisation in SMD059 is affected by significant intervals of post-mineral dacite dykes displacing zones that were likely copper-gold mineralised prior to the dacite intrusion.

Diamond drill hole SMD060, located 120m south-east of the discovery hole SMD050, returned several outstanding intercepts within a very broad mineralised envelope from 19.2m to 135.4m (excluding 13.9m of core loss) of 102.3m at 0.68% copper, including (Figure 17):

- 48.2m (excluding 13.2m of core loss) at 1.04% copper, 0.31g/t gold and 14g/t silver from 74m to 135.4m down-hole, including;
 - 12m at 1.55% copper, 0.63g/t gold and 13g/t silver and including;
 - 13.6m (excluding 10.8m of core loss) at 1.90% copper, 0.38g/t gold and 33g/t silver, including;
 - 6.10m at 3.55% copper, 0.73g/t gold and 41g/t silver and associated with minor lead (~0.1% Pb) and zinc (~0.2% Zn) mineralisation

SMD060 also intercepted similar nickel-cobalt mineralisation within the copper-gold mineralised zone to that observed in the discovery hole SMD050, with an intercept of:

- 2.4m at 1.20% nickel and 0.08% cobalt from 116.6m drill depth

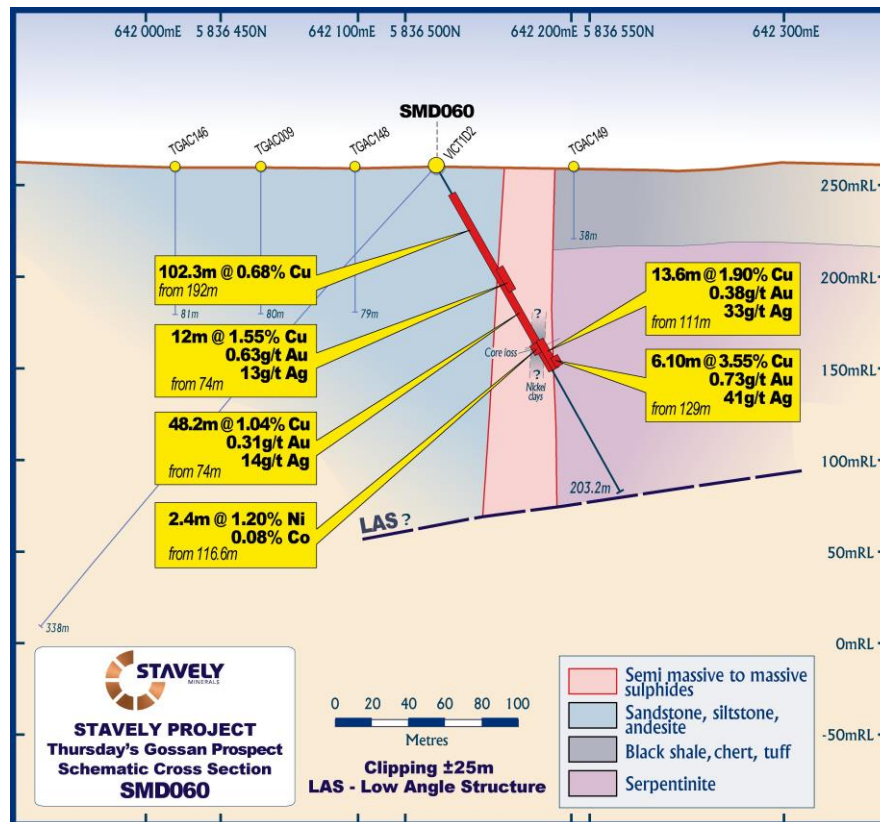


Figure 17. Drill sections SMD060.

Diamond drill hole SMD061 (Figure 12) also intersected mineralisation including:

- 4.3m at 2.06% copper, 0.44g/t gold and 23g/t silver from 160.2m down-hole

It is apparent that the mineralisation in SMD061 has been impacted by the intrusion of a late mineral dacite porphyry that is likely to have 'stoped-out' some 8m of mineralisation on the ultramafic contact. In other drill holes, it is commonly observed that the mineralisation on the contact is the highest-grade copper-gold-silver mineralisation.

Diamond drill hole SMD062, located at the south-eastern extent of known mineralisation, returned strongly mineralised intercepts (Figure 13) including:

- 3m at 2.43% copper, 0.25g/t gold and 11g/t silver from 128m drill depth, and
- 6m at 3.95% copper, 0.38g/t gold and 16g/t silver from 156m drill depth, including
 - 2m at 7.46% copper, 0.61g/t gold and 31g/t silver from 160m drill depth, including
 - 1m at 10.5% copper, 0.86g/t gold and 35g/t silver from 160m drill depth

Assays for SMD063 to SMD070 were pending at the end of the half-year.

The occurrence of a late dacite intrusion on the contact is exemplified by SMD066 (Figure 18) where there is no mineralisation noted but where mineralisation could well have been 'stoped-out' by the late intrusion.

Visual observations of copper mineralisation in SMD067 (Figure 19), drilled some 330m to the north-west of discovery drill hole SMD050, and some 670m north-west of the south-eastern most mineralised

drill hole SMD053, has extended the mineralisation to ~700m strike extent with the mineralised zone remaining open in all directions.

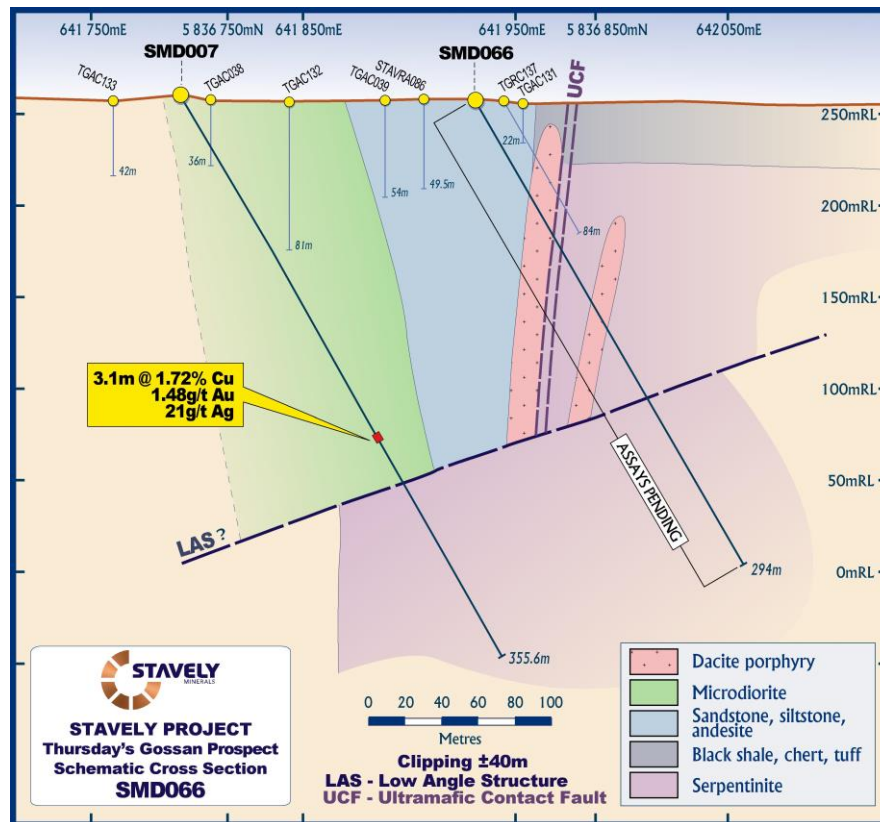


Figure 18. Drill section SMD066.

Assays received during the half-year and the visuals from the completed holes to date demonstrate growing scale and potential of the shallow copper-gold discovery at Thursday's Gossan, which has grown to 700m in strike length and remains open in all directions. 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.

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

The intention of the current program is to delineate high-grade, near-surface copper-gold-silver mineralisation over a significant strike extent that would complement the existing large Inferred Mineral Resource of 28 million tonnes at 0.4% copper (gold and silver not estimated) at Thursday's Gossan (see Stavely Minerals Limited 2018 Annual Report).

Once the near-surface potential is confirmed and some similar regional targets are tested, drilling will shift towards confirming the depth potential of the high-grade copper-gold-silver mineralisation on a number of mineralised structures including the UCF, the NSS and the Copper Lode Splay (CLS).

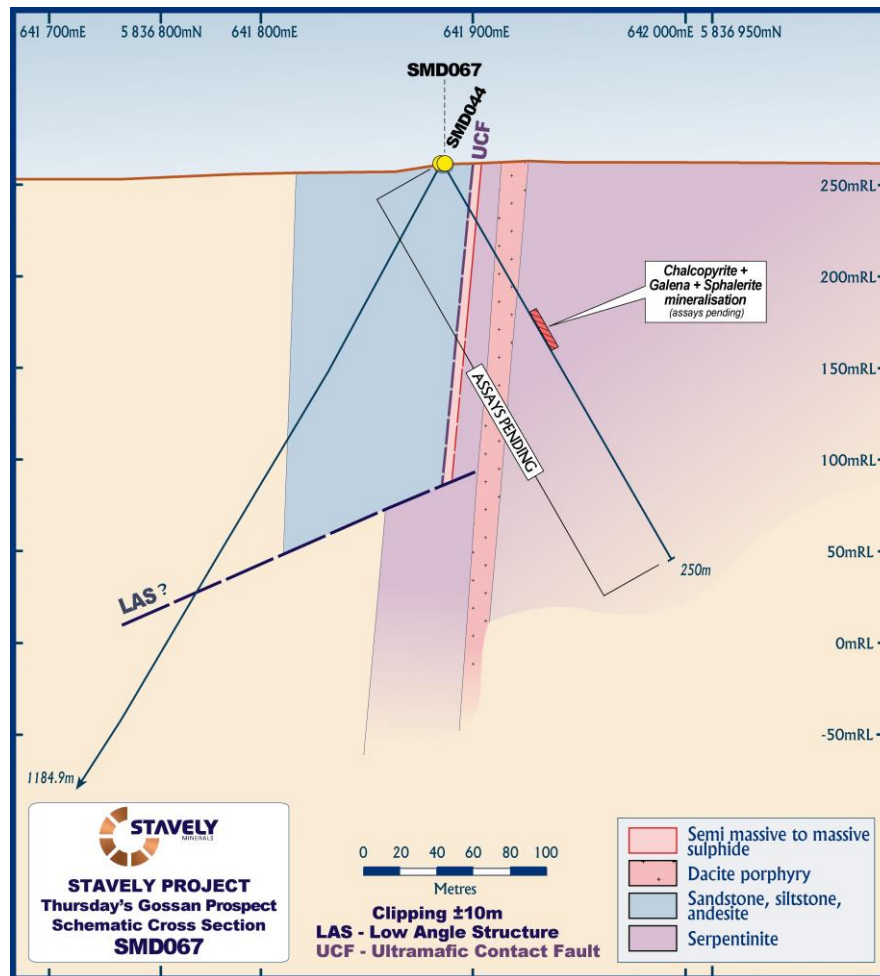


Figure 19. Drill section SMD067.

Black Range Joint Venture Project (EL 5425)

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

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

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

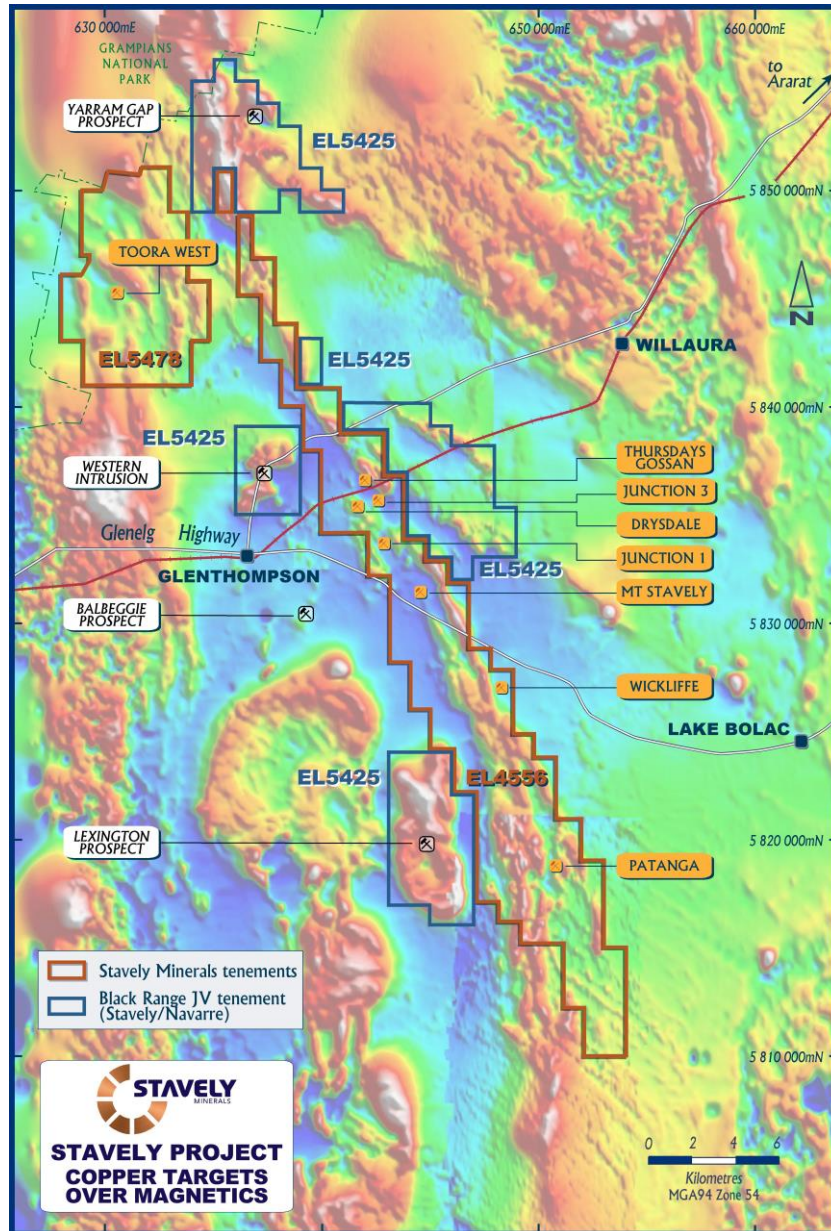


Figure 20. Location of prospects in the Stavelly Project.

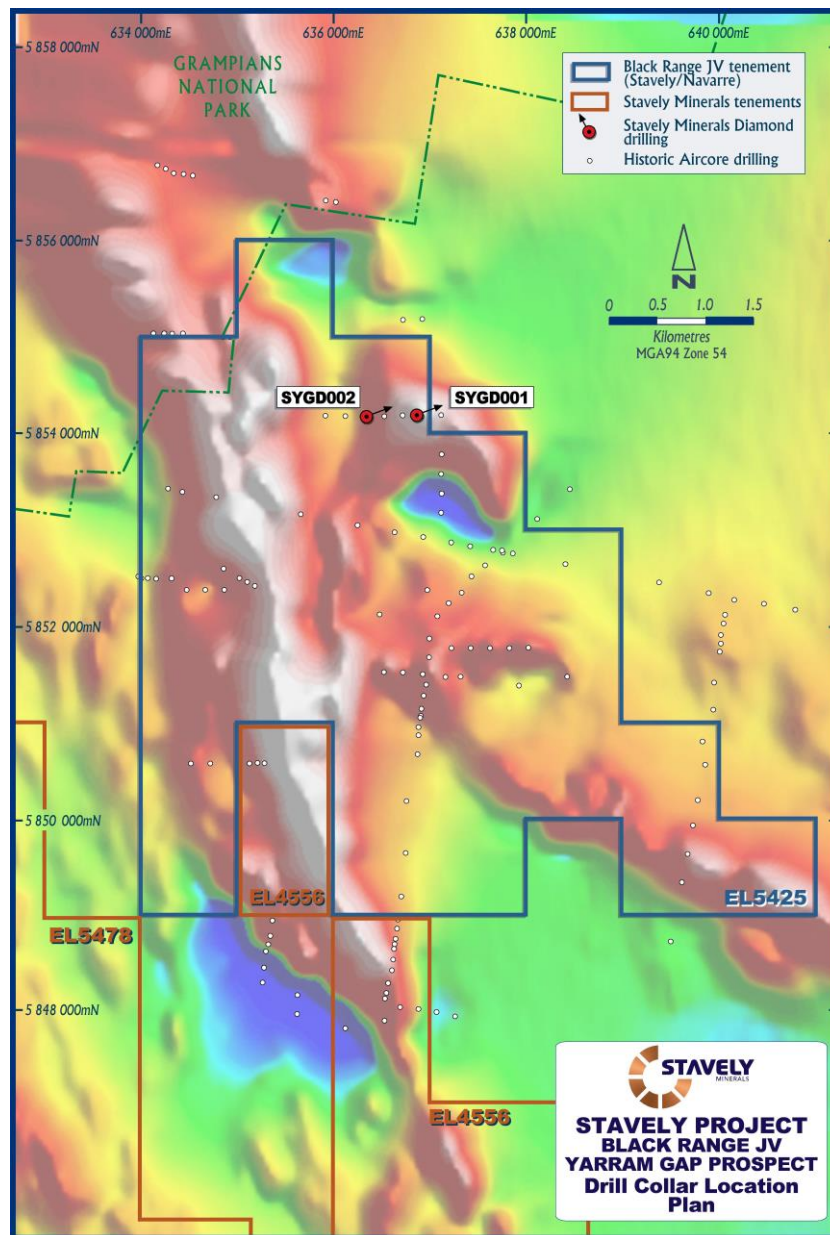


Figure 21. Black Range JV – drill hole location plan.

Yarram Park Project (EL 5478)

During the half-year, assay results were received for diamond drilling conducted to test a discrete magnetic anomaly in the vicinity of the previous drilling at the Toora West prospect (Figure 22). Drill hole STWD004 intercepted a south westerly-dipping sequence of massive and amygdaloidal basaltic andesite and basalt lavas, intruded by numerous, northwest and southwest-dipping stocks and/or dykes of very coarse-grained, sparsely feldspar phyrlic rhyodacite. The lavas were overprinted by a moderate pervasive chlorite±magnetite±epidote alteration assemblage with intervals of coarse-grained blebby pyrite and trace chalcopyrite. Below 170m, the lavas were cut by laminated quartz+pyrite shear-related veins with sericite selvages and low temperature carbonate+quartz veins with colloform banding and no sulphides. The circular aeromagnetic feature appears to be related to patchy secondary magnetite within the intermediate to mafic lavas. No anomalous gold and only minor anomalous base metal assays were returned from drill hole STWD004.

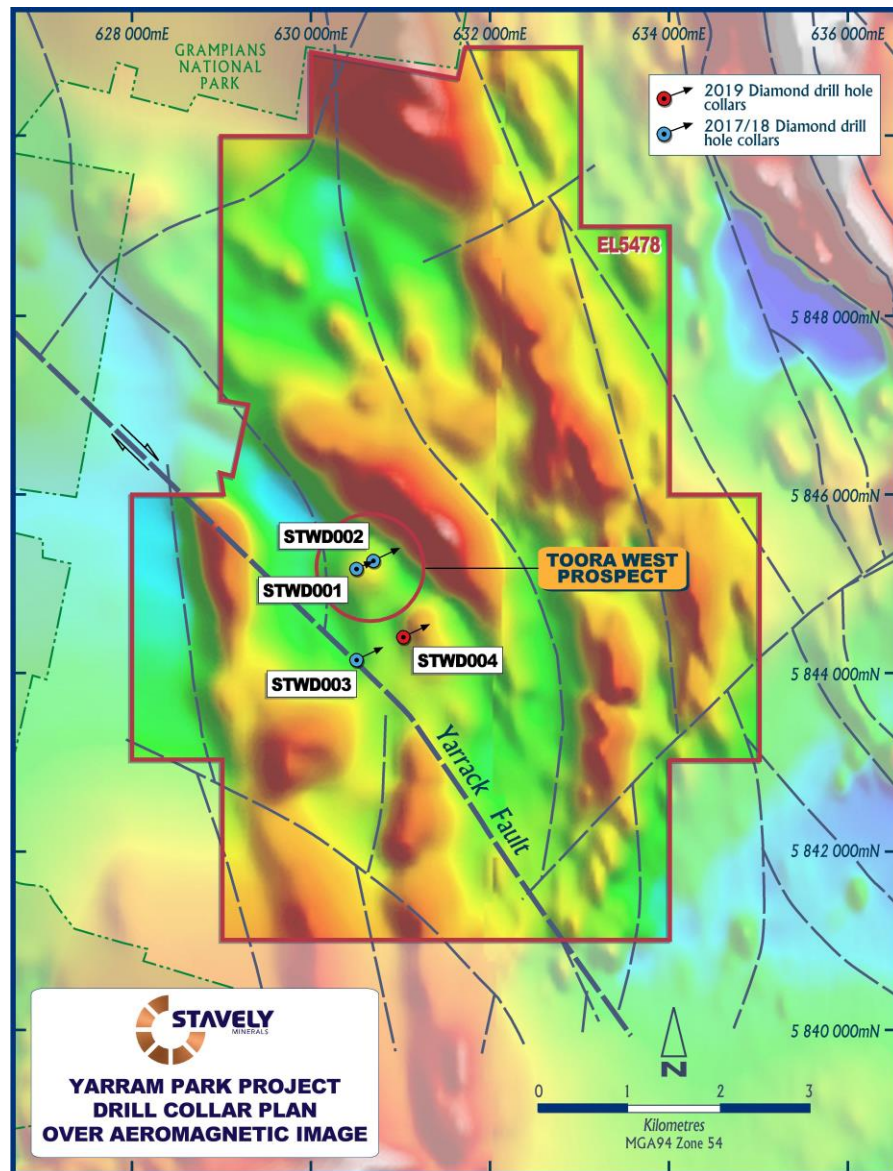


Figure 22. Yarram Park Project – drill collar plan over aeromagnetic image.

RAVENSWOOD PROJECT (EPM26041, EPM26151, EPM26303 & EPM26304)

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

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

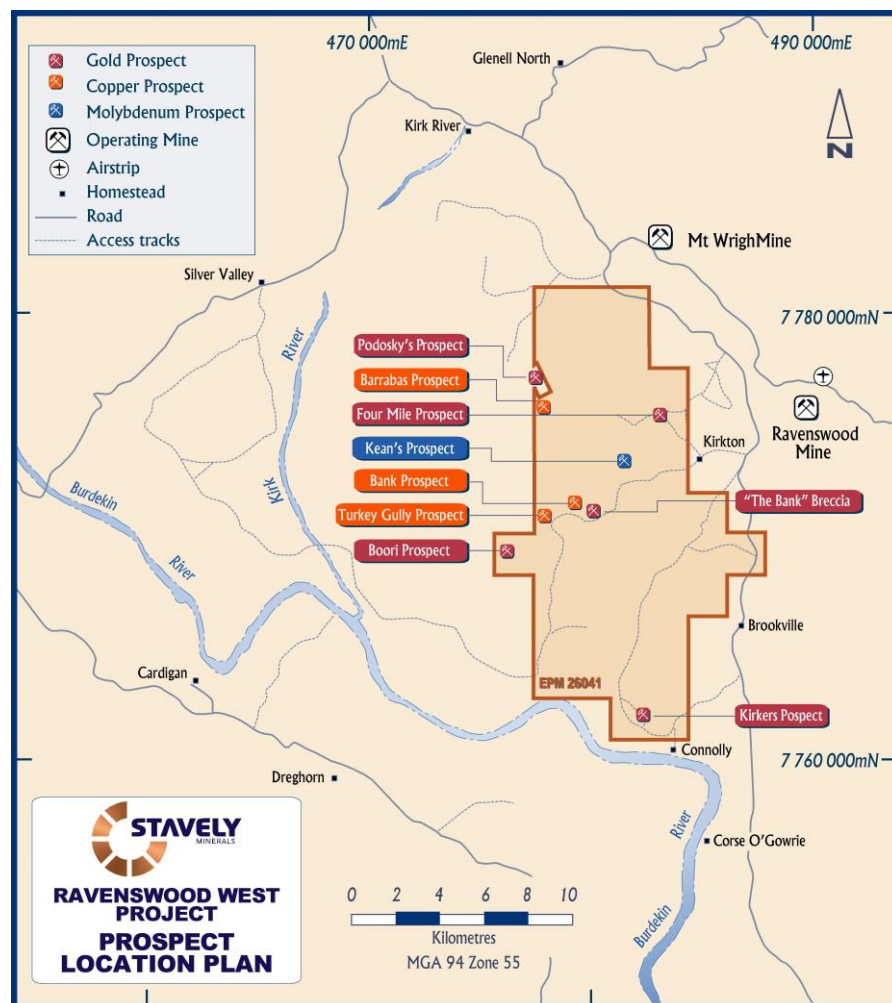


Figure 23. Ravenswood West tenement plan showing the Kirkers prospect.

TASMANIA AND CENTRAL VICTORIA (EL19/2018, EL4/2019, EL6/2019, EL2/2015, EL3/2015, RL1/2011, EL6668)

During the half-year, the Company's wholly owned subsidiary, Stavely Tasmania Pty Ltd (Stavely Tasmania), acquired a key exploration licence (EL2/2015) covering the structural extension of the high-grade Mathinna Gold Project in Tasmania; the majority of the historical Lefroy goldfield (EL3/2015, RL1/2015) where past gold production is reported to be 180,000 oz at 28g/t gold²; and an exploration licence (EL6668) in central Victoria approximately 10km east of the world-class 9 million-ounce Fosterville Gold Mine.

Mathinna Project (EL19/2018, EL4/2019 and EL2/2015)

During the half-year diamond drilling commenced at the Mathinna Project in the vicinity of the New Golden Gate Mine. This drilling together with the stratigraphic drilling to be conducted as part of the MRT exploration drilling grant initiative program 2020 was on going at the end of the half-year.

² Tasmania Department of Mines – Report 1994/03, *Northeast Goldfields: A Summary of the Beaconsfield, Lefroy, Back Creek and Gladstone goldfields*, McClenaghan, 1994

No effective regional exploration has been undertaken along strike of the main controlling structural trends and no exploration has been undertaken targeting structural repeats of the known mineralised trends.

A review of historical data identified a number of shallow, wide and high-grade drill intersections. Drill intersections with greater than 50 gram*metres include:

- 11m @ 8.6 g/t gold from 59m down-hole in MT028, including:
 - 6m @ 11.5g/t gold from 64m
- 10m @ 8.8 g/t gold from 45m down-hole in MT055, including:
 - 3m @ 23.0 g/t gold from 46m
- 16m @ 4.8 g/t gold from 32m down-hole in PDH5, including:
 - 8m @ 8.5 g/t gold from 40m
- 7m @ 10.6 g/t gold from 110m down-hole in MT050
- 17m @ 3.7 g/t gold from 14m down-hole in MT052
- 4m @ 15.4 g/t gold from 51m down-hole in MT039
- 4m @ 14.7 g/t gold from 92m down-hole in MT046
- 4m @ 13.9 g/t gold from 33m down-hole in MT029
- 4m @ 13.2 g/t gold from 220m down-hole in MT075

See Figure 24 for a collar plan of historical drilling and Figures 25 and 26 for drill intercepts at the New Golden Gate and the unmined Sophie's and Dylan's Reefs respectively. Figure 27 shows a typical cross-section through the mineralised lodes.

Prior to the drilling commencing, an environmental baseline study over the Project area to determine the extent of historical disturbance and to identify and protect any flora or fauna of significance in the area was completed.

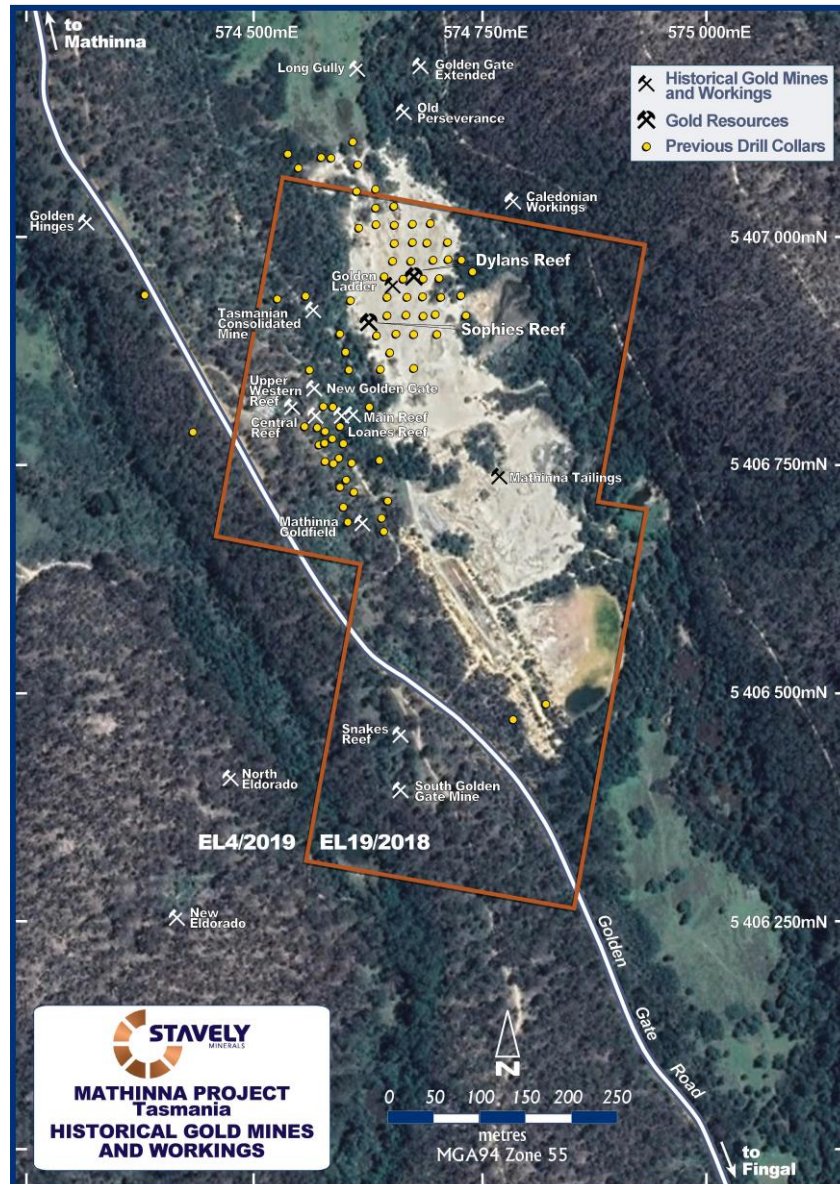


Figure 24. Tenement outline and drill collar locations at Mathinna.

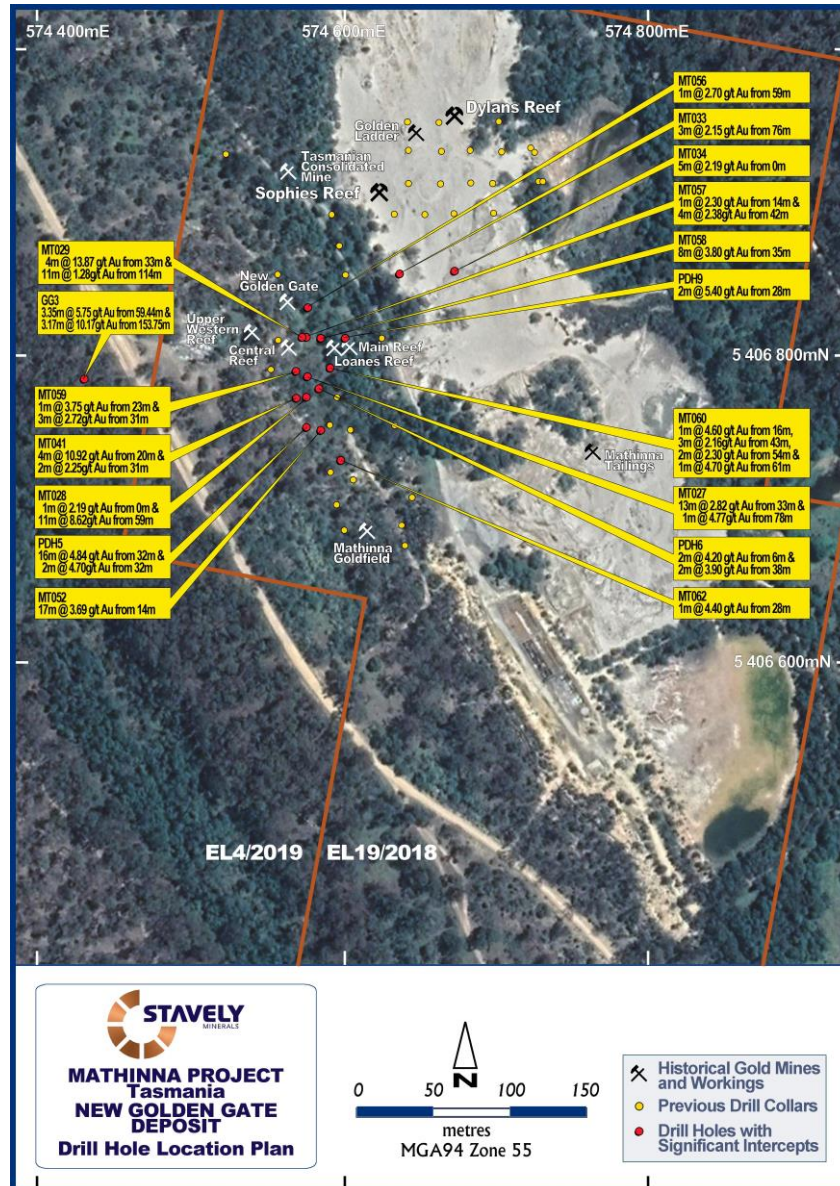


Figure 25. Drill intercepts at the New Golden Gate Gold Mine.

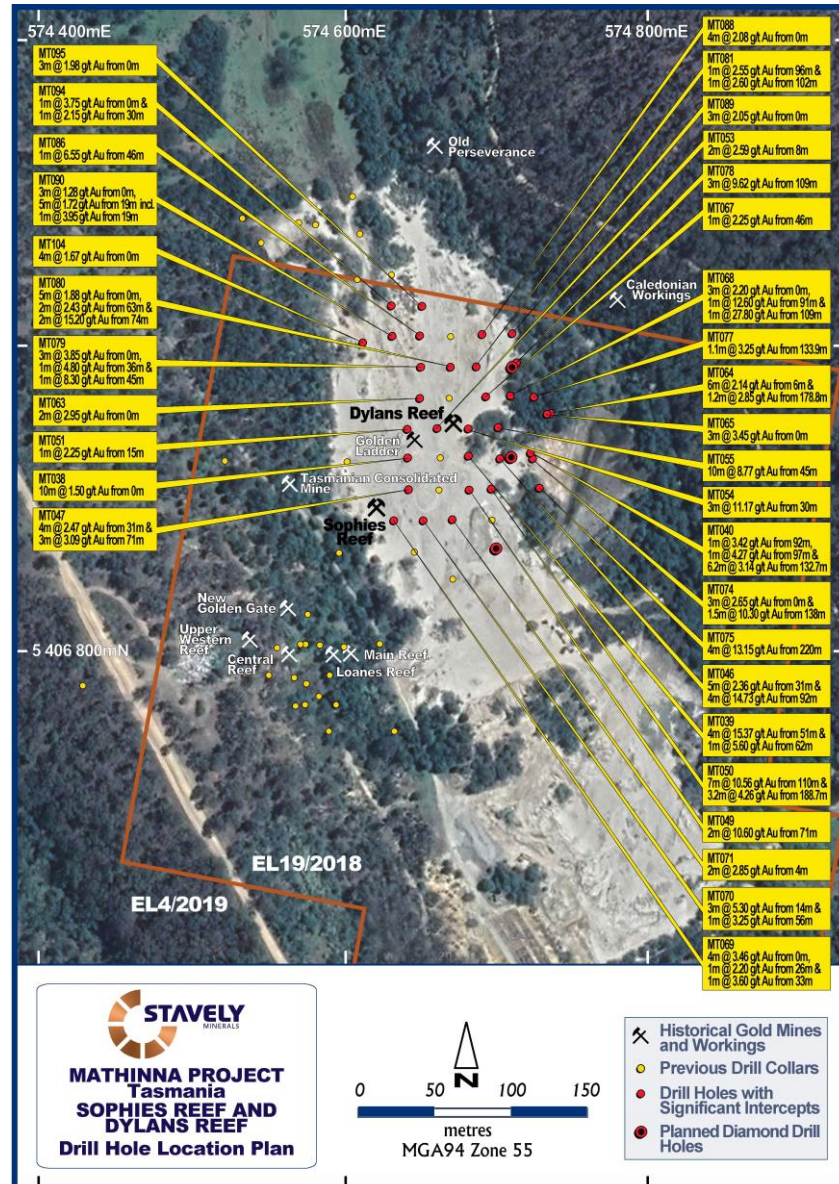


Figure 26. Drill intercepts at Dylan's and Sophie's Reefs.

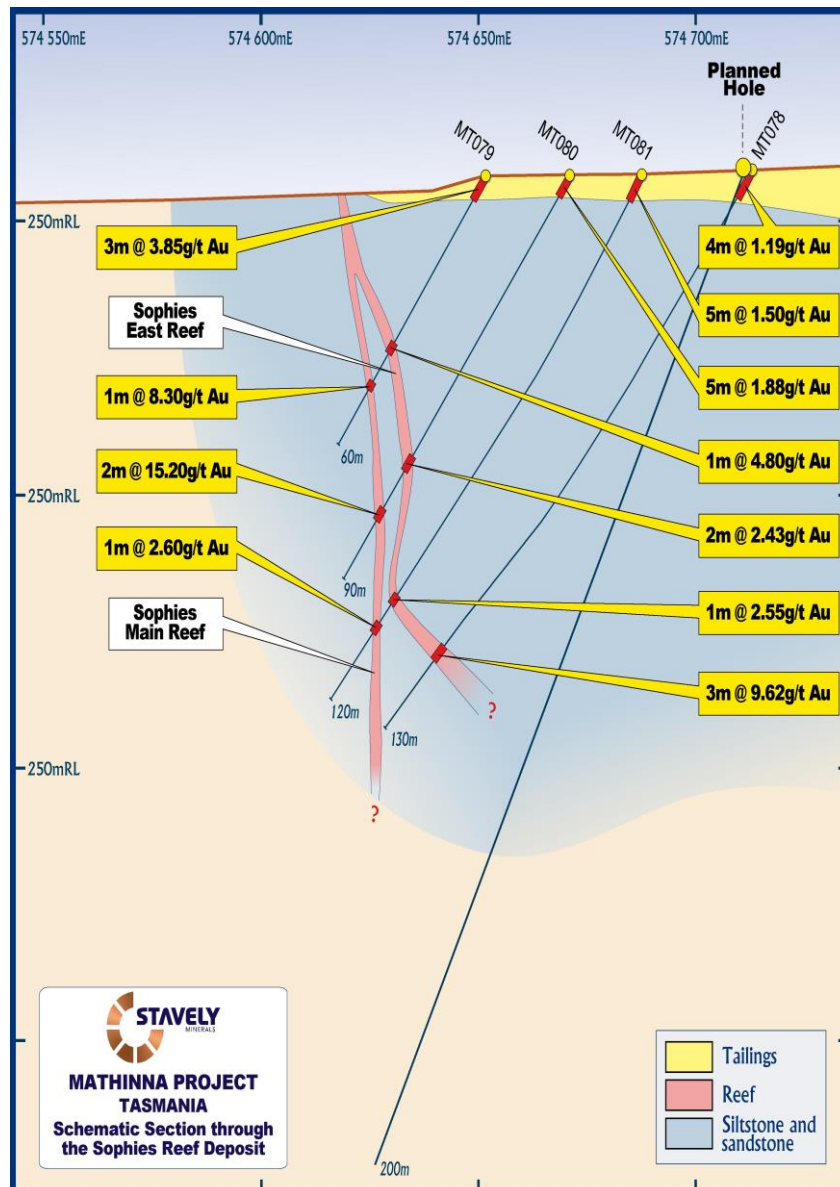


Figure 27. A typical drill section at Mathinna – note the tailings mineralisation at surface.

ANNOUNCEMENTS

The following announcements (available at www.stavely.com.au) provide a more detailed description of the Company's operational activities for the half-year ended 31 December 2019 and subsequent activities:

- 01/08/2019 - Assays Confirm Southerly Plunge of Mineralisation
- 22/08/2019 - Progress Update on Deep Drill Hole SMD049
- 03/09/2019 - SMD049 Returns Unexpected Gold Intervals
- 11/09/2019 - Shallow Target Success at Thursday's Gossan
- 13/09/2019 - Grant of Mathinna Licence Paves Way for Maiden Drill Program
- 20/09/2019 - Stavely Settles NSW Supreme Court Action with BCD Resources
- 26/09/2019 - Outstanding Shallow High-Grade Copper-Gold Discovery
- 02/10/2019 - Clarification of Sulphide Abundances in Drill Hole SMD051
- 07/10/2019 - Outstanding Thick Intercepts in First Step-Out Hole
- 04/11/2019 - New High-Grade Intercepts in Step-Out Drilling
- 27/11/2019 - New High-Grade Assays from Step-Out and In-Fill Drilling
- 29/11/2019 - Stavely Expands High-Grade Gold Portfolio
- 17/12/2019 - Shallow Copper-Gold Discovery Grows to 700m Strike Extent
- 30/01/2020 - New Shallow Intercepts of High-Grade Mineralisation
- 21/02/2020 - Stavely named winner of Craig Oliver Award
- 25/02/2020 - Exceptional Grades at Cayley Lode Discovery

CORPORATE

Stavely Minerals had a total of \$17.5M cash on hand at the end of December 2019, with a further \$981k available in pre-paid drilling services with its drilling contractor.

SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2019 that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 is included in this report and can be found on the page following this report.

Signed in accordance with a resolution of the Directors.



Christopher Cairns
Executive Chairman

Perth, Western Australia

12 March 2020

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Chris Cairns, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Cairns is a full-time employee of the Company. Mr Cairns is the Managing Director of Stavely Minerals Limited, is a substantial shareholder of the Company and is an option holder of the Company. Mr Cairns has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cairns consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

With respect to reporting of the Mineral Resources at the Mt Ararat VMS copper-gold-zinc deposit, the information is extracted from the report entitled "Stavely Minerals Limited – Prospectus" created on 26 March 2014 and is available to view on www.stavely.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



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

As lead auditor for the review of Stavely Minerals Limited for the half-year ended 31 December 2019, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 12 March 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the Half-Year ended 31 December 2019**



		Consolidated	
		Six months ended 31 December 2019	Six months ended 31 December 2018
	Note	\$	\$
Revenue and Income			
Interest revenue		53,975	49,646
Rental sub-lease revenue		17,097	18,815
Profit on sale of fixed assets		5,445	-
		76,517	68,461
Expenses			
Administration and corporate expenses	2(a)	(1,026,498)	(689,177)
Administration – equity based payments	2(a)	(1,338,930)	(1,172,405)
Exploration expensed	2(b)	(3,825,162)	(3,003,761)
Interest expense	2(c)	(11,928)	-
Total expenses		(6,202,518)	(4,865,343)
Loss before income tax		(6,126,001)	(4,796,882)
Income tax expense		-	-
Loss after income tax attributable to members of Stavely Minerals Limited		(6,126,001)	(4,796,882)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive loss for the period		(6,126,001)	(4,796,882)
Loss per share for the half-year attributable to the members of Stavely Minerals Limited			
		Cents Per Share	Cents Per Share
Basic loss per share	3	(3.13)	(3.14)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019



		Consolidated	
		31 December 2019	30 June 2019
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		17,501,395	2,875,862
Other receivables		1,422,495	2,022,727
Total Current Assets		18,923,890	4,898,589
Non-Current Assets			
Receivables		97,500	72,500
Right of use assets	4	248,448	-
Property, plant and equipment		129,175	157,588
Deferred exploration expenditure acquisition costs	5	3,084,507	3,006,057
Total Non-Current Assets		3,559,630	3,236,145
Total Assets		22,483,520	8,134,734
LIABILITIES			
Current Liabilities			
Trade and other payables		1,229,006	667,590
Lease liabilities – Right of use assets		75,392	-
Provisions		111,819	108,578
Total Current Liabilities		1,416,217	776,168
Non-Current Liabilities			
Lease liabilities – Right of use assets		222,944	-
Total Non-Current Liabilities		222,944	776,168
Total Liabilities		1,639,161	776,168
Net Assets		20,844,359	7,358,566
Equity			
Issued capital	6	50,033,910	31,711,470
Reserves		5,807,189	4,468,259
Accumulated losses		(34,996,740)	(28,821,163)
Total Equity		20,844,359	7,358,566

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Half-Year ended 31 December 2019



	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
Cash flows from operating activities		
Receipts in the ordinary course of activities (incl. GST)	423,238	485,040
Payments to suppliers and employees	(4,105,880)	(4,640,791)
Interest received	15,308	47,057
Net cash flows used in operating activities	(3,667,334)	(4,108,694)
Cash flows from investing activities		
Payments for plant and equipment	(34,460)	(93,750)
Proceeds from disposal of plant and equipment	5,445	-
Payments for bonds	(25,000)	-
Payments for exploration acquisitions (capitalised)	(28,450)	-
Other – deposit refunded	100,000	-
Net cash flows from/(used in) investing activities	17,535	(93,750)
Cash flows from financing activities		
Proceeds from issue of shares	19,610,000	-
Payment of share issue costs	(1,287,560)	(13,683)
Payment of lease liabilities (right of use assets)	(47,108)	-
Net cash flows from/(used in) financing activities	18,275,332	(13,683)
Net increase/(decrease) in cash and cash equivalents held	14,625,533	(4,216,127)
Add opening cash and cash equivalents	2,875,862	6,559,041
Closing cash and cash equivalents	17,501,395	2,342,914

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Half-Year ended 31 December 2019



	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2018	24,744,232	3,295,853	(19,808,652)	8,231,433
Loss for the half-year	-	-	(4,796,882)	(4,796,882)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(4,796,882)	(4,796,882)
Transactions with owners in their capacity as owners:				
Issue of share capital	695,013	-	-	695,013
Cost of issue of share capital	(13,683)	-	-	(13,683)
Share based payments - options	-	1,172,405	-	1,172,405
	681,330	1,172,405	-	1,853,735
As at 31 December 2018	25,425,562	4,468,258	(24,605,534)	5,288,286
At 1 July 2019	31,711,470	4,468,259	(28,821,163)	7,358,566
Change in Accounting Policy – refer note 1(c)	-	-	(49,576)	(49,576)
Restated Equity at the beginning of the half-year	31,711,470	4,468,259	(28,870,739)	7,308,990
Loss for the half-year	-	-	(6,126,001)	(6,126,001)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(6,126,001)	(6,126,001)
Transactions with owners in their capacity as owners:				
Issue of share capital	19,610,000	-	-	19,610,000
Cost of issue of share capital	(1,287,560)	-	-	(1,287,560)
Share based payments - options	-	1,338,930	-	1,338,930
	18,322,440	1,338,930	-	19,661,370
As at 31 December 2019	50,033,910	5,807,189	(34,996,740)	20,844,359

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This half-year financial report for the six months ended 31 December 2019 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 12 March 2020.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2019 and any public announcements made by Stavely Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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

Stavely Minerals Limited is a for-profit entity for the purpose of preparing the half-year financial statements.

(b) Statement of Compliance

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

(c) Adoption of new and revised standards

New and amended standards adopted by the Group

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

- AASB 16 Leases

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

	\$
Operating lease commitments as at 30 June 2019 – Note 14 of the Annual Financial Report	116,765
Less: Leases not considered right of use assets	(22,553)
Add: Option to extend Nedlands office lease	292,947
Operating Lease Commitments of Nedlands office premises as at 30 June 2019	<u>387,159</u>
Discounted operating lease commitments of Nedlands office premises at 1 July 2019	<u>333,516</u>

Nature of the effect of adoption of AASB 16

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Summary of new accounting policies

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

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

New and amended standards not yet adopted by the Group

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

	Six months ended 31 December 2019	Six months ended 31 December 2018
	\$	\$

NOTE 2 - EXPENSES

(a) Administration and Corporate Expenses

Administration and corporate expenses include:

Depreciation - administration	7,160	2,590
Depreciation – right of use assets	35,492	-
Operating lease rental expense	20,209	63,717
Other administration and corporate expenses	963,637	622,870
	<u>1,026,498</u>	<u>689,177</u>
Administration – share based payments (refer note 7)	1,338,930	1,172,405
Total administrations costs	<u>2,365,428</u>	<u>1,861,582</u>

(b) Exploration Costs Expensed

Exploration costs expensed include:

Depreciation - exploration	55,713	32,679
Share based payments expensed (refer note 7)	366,913	695,013
Other exploration costs expensed	3,402,536	2,276,069
	<u>3,825,162</u>	<u>3,003,761</u>

(c) Interest Expensed

Interest on right of use assets	<u>11,928</u>	<u>-</u>
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NOTE 3 - EARNINGS PER SHARE

	Cents	Cents
Basic earnings/(loss) per share	<u>(3.13)</u>	<u>(3.14)</u>
	\$	\$
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	<u>(6,126,001)</u>	<u>(4,796,882)</u>
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share	<u>195,446,971</u>	<u>152,695,880</u>

Diluted earnings per share are 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.

	31 December 2019	30 June 2019
	\$	\$

NOTE 4 – RIGHT OF USE ASSETS

Non-Current:

Properties	248,448	-
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NOTE 5 - DEFERRED EXPLORATION EXPENDITURE

Deferred exploration acquisition costs brought forward	3,006,057	3,006,057
Capitalised acquisition costs incurred during the period	78,450	-
Deferred exploration acquisition costs carried forward	3,084,507	3,006,057

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 6 – ISSUED CAPITAL

(a) Issued Capital

213,799,785 (June 2019: 181,236,479) ordinary shares fully paid	50,033,910	31,711,470
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(b) Movements in Ordinary Share Capital

Summary of Movements	Six months ended 31 December 2019		Year ended 30 June 2019	
	Number of Shares	\$	Number of Shares	\$
Opening balance	181,236,479	31,711,470	149,868,317	24,744,232
Issued – options exercised	12,953,306	-	3,806,394	-
Issued – share subscription	-	-	3,026,026	865,306
Issued – payment for drilling services	-	-	272,123	84,358
Issued - placement	19,610,000	19,610,000	12,307,767	3,200,019
Issued– prepayment of drilling services	-	-	7,692,308	2,000,000
Issued - share purchase plan	-	-	4,263,544	1,108,500
Costs of issues	-	(1,287,560)	-	(290,945)
Closing Balance	213,799,785	50,033,910	181,236,479	31,711,470

NOTE 6 – ISSUED CAPITAL - continued

Pre-payment of Drilling Services

Last year, on 17 April 2019, 7,692,308 ordinary shares at 26 cents were issued to Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust as a prepayment of \$2,000,000 for drilling services to be utilised over 12 months to April 2020. During the half year, 1,411,204 shares (\$366,913) were released from escrow to pay for drilling services. As at 31 December 2019, 3,771,682 shares remain in escrow

Placement

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

(c) Options on issue at 31 December 2019

		Issue Price of	
	Number	Shares	Exercise Date
Unlisted Options	2,700,000	\$1.47	30 November 2022
	<u>2,700,000</u>		

During the half-year ended 31 December 2019:

- (i) 2,700,000 unlisted options were granted as share-based payments (six months to 31 December 2018: 15,650,000);
- (ii) No unlisted options expired (six months to 31 December 2018: nil); and
- (iii) 22,700,000 unlisted options were exercised (six months to 31 December 2018: 9,587,500). 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.

Six months ended	Six months ended
31 December	31 December
2019	2018
\$	\$

NOTE 7 – EQUITY-BASED PAYMENTS

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

Expensed in the profit and loss:

Equity-based payments- shares – exploration expense*	366,913	695,013
Equity-based payments- options – administration expense	1,338,930	1,172,405
	<u>1,705,843</u>	<u>1,867,418</u>

* Refer to note 6(b). The shares issued as payment for drilling services were issued in the prior year as a prepayment and held in escrow until services were rendered.

NOTE 7 – EQUITY-BASED PAYMENTS - continued

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

During the half-year ended 31 December 2019, the following unlisted options were granted pursuant to the Company's Employee Incentive Plan:

- 650,000 unlisted options granted on 3 December 2019 to employees/consultants.
- 2,050,000 unlisted options as approved by shareholders at the 2019 Annual General Meeting, granted to directors or their nominees upon receipt of acceptance forms on 3 December 2019.

The unlisted options were allotted on 4 December 2019.

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

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

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

NOTE 9 – CASH FLOW INFORMATION

The following non-cash activities were undertaken:

Six months to 31 December 2019:

- During the half year, 1,411,204 shares (\$366,913) were released from escrow to pay for drilling services.

Six months to 31 December 2018:

- 2,362,594 ordinary shares (\$695,013) were issued pursuant to a Share Subscription Agreement with a drilling services company.

NOTE 10 – SEGMENT INFORMATION

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, balance sheet 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 11 – RELATED PARTY TRANSACTIONS

There have been no new related party transactions entered into since 30 June 2019, other than the grant of options – refer to note 7(b).

NOTE 12 – SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 31 December 2019 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

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 31 December 2019 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; 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 half-year ended 31 December 2019.

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

A handwritten signature in blue ink, appearing to read "Ch. Cairns".

Christopher Cairns
Executive Chairman

Perth, Western Australia

12 March 2020



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stavely Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Stavely Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

Jarrad Prue
Director

Perth, 12 March 2020