2019 | Annual Report

STAVELY
MINERALS

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Peter Ironside (Non-Executive Director)
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Company Secretary
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Overview

EXPLORATION

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

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

Stavely Minerals is making very significant advances in its search for a well mineralised copper-gold porphyry at Thursday's Gossan.

In excess of 13,700 metres of diamond drilling has been conducted at the Thursday's Gossan copper-gold prospect during the 2019 financial year.

All *the indications are that the system is a very hydrous, strongly oxidised and well-endowed with metals,* and displays both multi-phase intrusion and mineralisation events as well as 'telescoping' of later mineralisation over earlier events – all attributes for a well-mineralised copper-gold porphyry system. Evidence of copper-gold porphyry mineralisation includes:

- Porphyry M Veins with intergrown chalcopyrite
- High-grade copper-gold mineralised late D veins
- Broad intervals of low-grade copper-gold wall rock mineralisation in peripheral alteration – equivalent in tenor to pre-discovery drill intercepts at Cadia-Ridgeway.

Diamond hole SMD044 and SMD044W1, completed in early 2019, intersected the largest and highest-grade intervals to date:

For SMD044 -

- **<u>952m at 0.23% copper from 11m</u>**

Including from the Copper Lode Splay (CLS):

- 70m at 0.51% Cu from 580m, incl
  - **10m at 2.43% copper, 0.30g/t gold & 11g/t silver**

Including from the North-South Structure (NSS):

- **38.3m at 1.59% copper, 0.27g/t gold & 8g/t silver** from 890m, incl
  - **12.3m at 2.59% copper, 0.44g/t gold & 18g/t silver**

For SMD044W1 -

- <u>**393m at 0.32% copper** from 11m</u>

Including from the NSS:

- **18m at 3.62% copper, 0.28g/t gold & 15g/t silver** from 848m, incl
  - **7m at 7.74% copper, 0.46g/t gold & 32g/t silver**, incl
  - **2m at 15.7% copper, 1.07g/t gold & 65g/t silver**

These structurally-controlled zones of high-grade copper-gold-silver mineralisation are now recognised as copper lode-style mineralisation similar to that at the Magma Mine in Arizona, USA, which are closely associated with the Resolution porphyry copper deposit (Inferred Resource of 1.8Bt at 1.53% copper – RTZ Annual Report, 2018).

The causative porphyry intrusion, which should contain the hottest and best-developed mineralisation, has not yet been seen.

Deep drill hole SMD049, currently in progress is being drilled straight down the plunge of the interpreted structural 'conduit' that has accessed the causative porphyry at depth.

The Fairview prospect in the Stavely Project is a 4.8km long low-sulphidation mesothermal to epithermal gold anomaly identified in soil sampling, and followed-up with shallow reconnaissance aircore, RC and limited diamond drilling, which returned good widths of moderate grade gold mineralisation, including

- **11m at 2.4g/t gold**

With large intervals of low-grade gold mineralisation, including

- **30m at 1.4g/t gold** from surface.

The Fairview Epithermal Gold prospect is potentially analogous to a Lake Cowal gold deposit.

During the year, the Company's maiden diamond drilling program at the Mount Stavely porphyry prospect, in the Stavely Project, intersected porphyry zones, minor copper mineralisation and low temperature epithermal quartz veins and sulphides in separate drill holes.

A recent drill hole completed at the Toora West prospect in the Yarram Park Project to test a discrete magnetic anomaly has intersected an interesting package of rocks with fairy abundant sulphides. The assays for this drilling were pending at the end of the reporting period.

Stavely Minerals is targeting additional Sandfire-style VMS (volcanogenic massive sulphide) deposits in the Ararat Project. The Ararat Project hosts Besshi-style VMS copper-gold-zinc mineralisation at Mt Ararat with **1.2 Mt at 2.0% copper 0.5g/t gold and 0.4% zinc** in Inferred Mineral Resources.

The Ravenswood Project in northern Queensland is prospective for porphyry hosted copper-molybdenum, quartz-sulphide vein-hosted gold, VMS copper-gold and epithermal gold mineralisation, as well as rare-earth elements.

Unfortunately, neither the drilling conducted at the Area 8 low-sulphidation eithermal target or the Connolly North 'Sarsfield' style quartz-sulphide vein-hosted gold target in the Ravenswood Project returned any significant intercepts.

Application rights have been granted to Stavely Tasmania Pty Ltd, to explore the high-grade Mathinna Gold field in Tasmania, including the New Golden Gate Mine with historical hard-rock production of 254,000oz at an average grade of 26g/t gold.

CORPORATE

The opportunity to apply for the EL over the Mathinna Goldfield was brought to the attention of Stavely Minerals by some industry colleagues of Stavely Minerals' management team.

Accordingly, Stavely Tasmania Pty Ltd was formed to lodge the EL application and has entered into an agreement with Bestlevel Holdings Pty Ltd (Bestlevel) with the following terms:

- Stavely Tasmania is the manager.
- Upon the grant of the tenements, Stavely Tasmania Pty Ltd will have a 51% interest in the tenement(s) and Bestlevel will have a 49% interest.
- In consideration for a $50,000 payment to Bestlevel, Stavely Tasmania has the right to earn an interest of up to 85% in the tenement(s) in the following stages:
  - exploration-related expenditure of $500,000 within a two-year period to earn an additional interest of 24% (to 75%); and
  - at completion of a Feasibility Study and payment of $200,000 to Bestlevel, Stavely Tasmania may earn an additional 10% interest (to 85%).
- Subject to Stavely Tasmania having earned its 85% interest, a Joint Venture will be formed and subsequent expenditure will be on a 'contribute or dilute' basis.
- Should Bestlevel's interest fall below 5%, it will be transferred to Stavely Tasmania in consideration for a 1.5% net smelter return (NSR).
- Stavely Tasmania retains a right to purchase Bestlevel's NSR for payment of $250,000 per 0.5% NSR to a maximum of $750,000 to acquire the entire NSR.
- Should the Joint Venture announce in a JORC-compliant Public Report an Ore Reserve in excess of 500,000oz, Stavely Tasmania will pay Bestlevel $500,000.
- Both parties have pre-emptive rights over the other's interest.

Stavely Tasmania have been granted the application rights to explore the rich, high-grade Mathinna Goldfield in Tasmania, including the New Golden Gate Mine with historical hard-rock production of 254,000oz at an average grade of 26g/t gold. Subsequently the Company was granted the application rights to an additional two exploration licences, one surrounding the New Golden Gate Mine and the other 13 kilometres north within the highly prospective Alberton – Mathinna "Gold Corridor".

On 14 September, the Company announced that, due to health reasons, Mr William 'Bill' Plyley stepped down as Chairman of Stavely Minerals but would remain on the Board as Non-executive Director. Bill had been the Chairman of Stavely Minerals since the Company's listing on the ASX in 2014. Mr Chris Cairns assumed the role of Executive Chairman.

Mrs Amanda Sparks accepted an invitation to join the Board as Non-Executive Director and will continue as Company Secretary. Mrs Sparks has been Stavely Minerals' Company Secretary since listing, is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia. Amanda has over 30 years of resources related financial experience, both with explorers and producers and brings a range of important skills to the Board with her extensive experience in financial management, corporate governance and compliance for listed companies.

On 20 November, the Company announced the sad news that Mr William 'Bill' Plyley, Director and former Chairman, had passed away after a courageous battle with brain cancer.

In April/May 2019, Stavely Minerals completed a capital raising which was underpinned by a Share Placement of 12.3 million shares at 26 cents per share to sophisticated and institutional investors to raise $3.2 million before costs.

Concurrently with the Share Placement, Stavely Minerals issued approximately 7.7 million shares at 26 cents to Titeline Drilling as an advanced payment for $2 million of drilling services to be completed in the next 12 months. The shares issued to Titeline Drilling are held in voluntary escrow and will be released progressively as they are offset against a proportion of monthly drilling invoices.

In addition, the Company completed a Share Purchase Plan (SPP), also at 26 cents to allow existing shareholders to participate in the capital raising on the same terms as the Share Placement. Stavely offered eligible shareholders the opportunity to subscribe for new shares up to a maximum value of $15,000 per eligible shareholder to raise a further $1.1 million.

The funds raised through the combined Share Placement and SPP are primarily being used to progress drilling programs across the Company's key projects in western Victoria, Tasmania and Queensland.

Stavely Minerals had been successful in its application for participation in the Federal Government's Junior Minerals Exploration Incentive ("JMEI") scheme for the 2019/2020 income year. The Company has received an allocation of up to $1,350,000 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 second year that Stavely Minerals has been successful in receiving an allocation of JMEI credits.

During the year, Stavely Minerals were granted the rights to apply for Block 3 in the Victorian Government's Stavely Ground Release Tender further consolidating the Company's dominant tenure position in the Stavely Volcanic Arc of western Victoria. Block 3 is located adjacent to the Company's existing tenement holding at the Stavely Copper-gold Project and further consolidates Stavely Minerals' dominant tenure position in the Stavely Volcanic Arc of western Victoria.

Stavely Minerals, through its 100% owned subsidiary Stavely Tasmania Operations Pty Ltd, agreed in March 2019 to purchase a 100% beneficial interest from BCD Resources NL in the assets of the 350,000tpa capacity Beaconsfield gold processing plant and associated infrastructure, property, rights, leases and permits in a transaction summarised as:

- Payment of a $250,000 deposit on execution, to be held in trust pending completion (which was paid in March 2019);
- Payment of the balance of $1,750,000 within 90-days of execution;
- On completion, all assets associated with the Beaconsfield gold processing plant to be transferred to Stavely Tasmania Operations Pty Ltd ("Stavely Tasmania Ops");
- Also on completion, Stavely Tasmania Ops must replace an environmental bond which, on transfer of the mining lease, will be set at $500,000;
- Conditions precedent include:
  - Stavely Tasmania Ops obtaining the prior consent of the Tasmanian Minister for State Growth for the transfer of the mining leases and permits; and
  - Stavely Minerals completing a capital raising sufficient to fund the acquisition.

In June 2019, Stavely Tasmania Ops terminated the acquisition agreement with BCD Resources NL (among other parties) to purchase all assets associated with the Beaconsfield gold processing plant.

Subsequently, the Company was served with a writ of summons in relation to its termination of the acquisition agreement with BCD Resources NL (among other parties) to purchase all assets associated with the Beaconsfield gold processing plant ('Acquisition Agreement'), as detailed in its ASX announcement dated 18 June 2019. The writ is seeking an order that Stavely Minerals specifically perform its obligations under the Acquisition Agreement and do all things as may be necessary to ensure the Acquisition Agreement is carried into effect or alternatively damages (of an unspecified amount).

Stavely Minerals strongly believes that the claims made in the writ are without merit and will defend the proceedings. Separately, Stavely Minerals has sought a return of the $250,000 deposit which it paid to BCD Resources NL under the Acquisition Agreement.

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 Victorian Projects include exploration tenements with a total area of 252 square kilometres of 100% owned and 201 square kilometres of joint venture tenure.

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

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

The Queensland Project includes four granted exploration licences with a total area of 548 square kilometres. The topography is made up of rolling hills alternating with sandy flats. The Burdekin River runs through the Project area. Access within the tenements is by 4WD via station tracks.

The Mathinna Project is located in north-eastern Tasmania, approximately 55km due east of Launceston and in the vicinity of the regional towns of Mathinna and Alberton. The Mathinna Project comprises three exploration licence applications covering a total area of 108 square kilometres. Access to the Project area is excellent via sealed roads. Access within the licence areas is be gravel roads on State Forest and private property.

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.

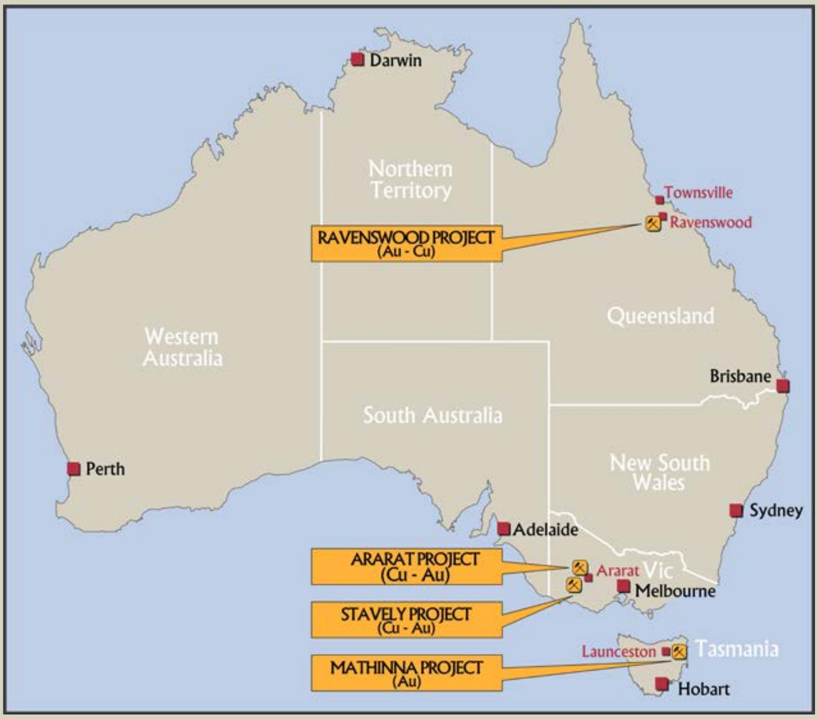

Figure 1. Project Location Plan.

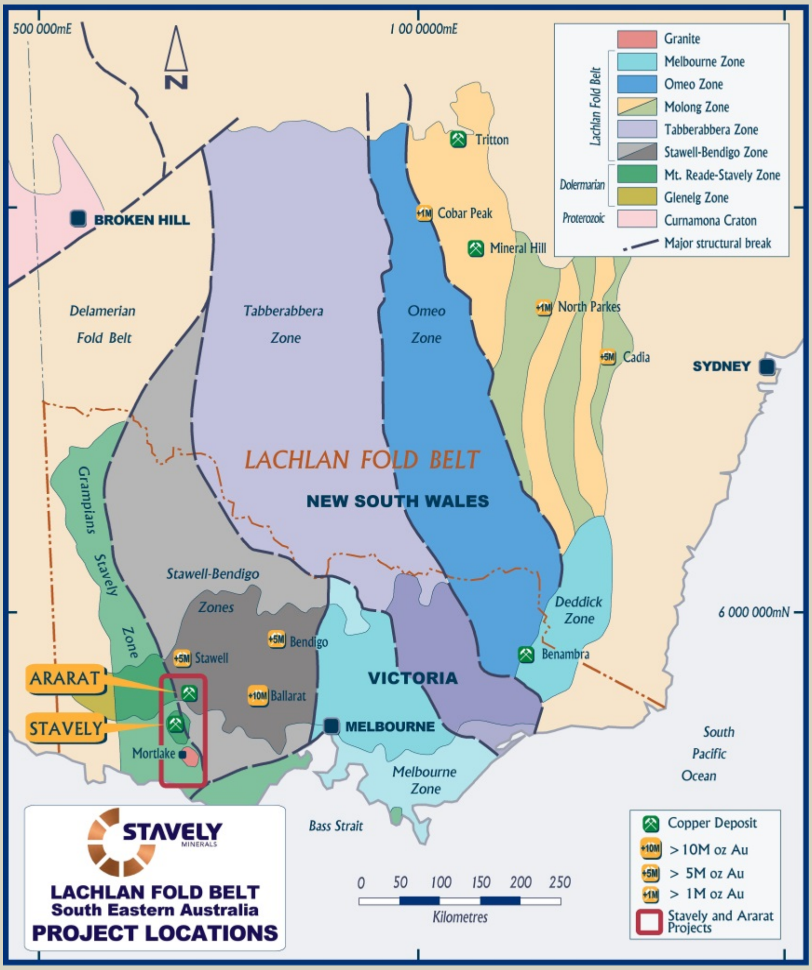

Figure 2. Geology of south-eastern Australia.

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 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 Macquarie Arc in New South Wales, which hosts the Cadia Valley and North Parkes copper-gold mineralised porphyry complexes.

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

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

Regional Geology North Queensland

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

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

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

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

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

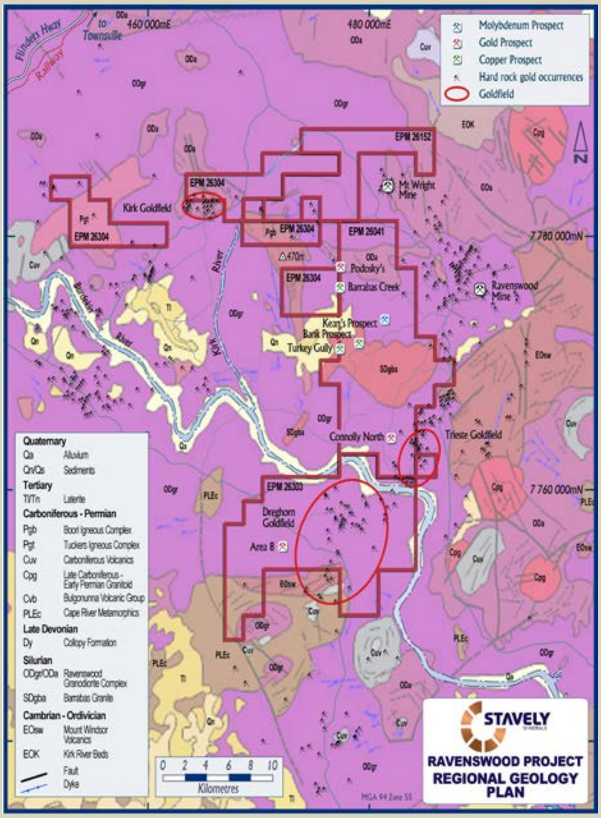

Figure 3. Ravenswood Project – Regional Geology Plan.

Regional Geology North East Tasmania

The regional geology of the Mathinna Project is dominated by the Mathinna Supergroup rocks and granitoids. Gold mineralisation within the north-westerly trending Mangana to Lyndhurst gold lineament is hosted by the Silurian to Devonian Mathinna Beds (Figure 4). The Mathinna Beds are a folded sequence of sediments comprise an alternating sequence of bedded quartzites, sandstones, siltstones and slates. The Mathinna Beds are unconformably overlain by Silurian to Early Devonian sediments of the Panama group.

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

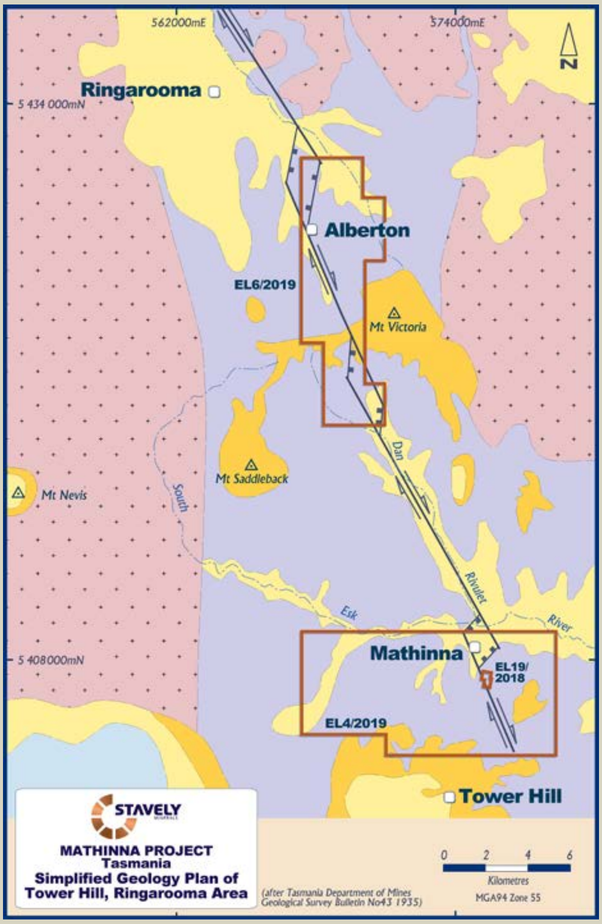

Figure 4. Mathinna Project - Regional Geology Plan.

Mineral Resources

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

(a) Ararat Project Mineral Resource

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

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

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

The Mt Ararat Copper Indicated and Inferred Resource Estimate, August 2017, remains unchanged from the Mt Ararat Copper Indicated and Inferred Resource Estimate, August 2015. There has been no additional drill data collected from the deposit and although economic circumstances affecting the mining industry have changed since 2015, the underlying assumptions utilised in 2015 Mineral Resource estimate remain valid.

(b) Stavely Project Mineral Resource

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

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

Ararat Project

The Ararat Project is prospective for VMS copper-gold-zinc-silver mineralisation as well as 'Stawell-style' and intrusion-related gold mineralisation.

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

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

Apart from commencing a project review of the Ararat tenements no other exploration was conducted during the year.

Table 1. The Mount Ararat Resource Estimate (reviewed in 2019).

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

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

Table 2. The Thursday's Gossan Chalcocite Copper Inferred Resource Estimate (reviewed in 2019).

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

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

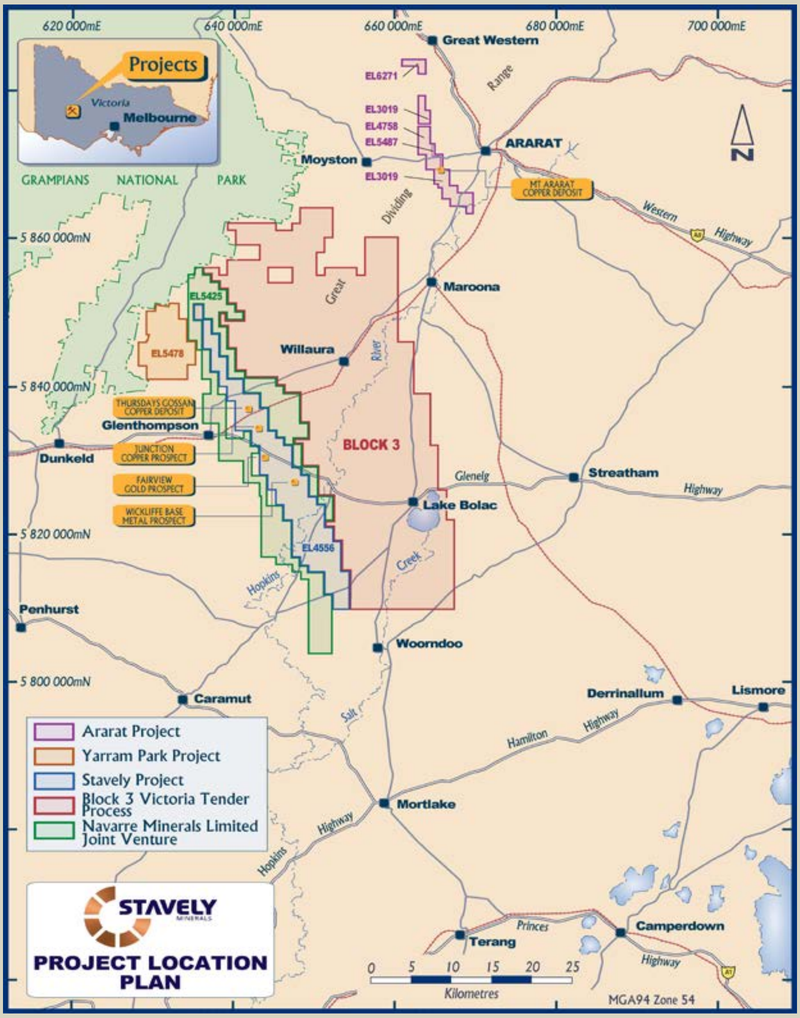

Figure 5. Stavely, Yarram Park and Ararat Project Location Plan.

Stavely Project

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

During the year, the Company conducted diamond drilling at the Thursday's Gossan porphyry prospect, completing twenty diamond holes for 11,243m and five diamond wedges for 2,442m. In addition, two diamond holes for 1,089m were drilled at the Mount Stavely copper-gold porphyry target.

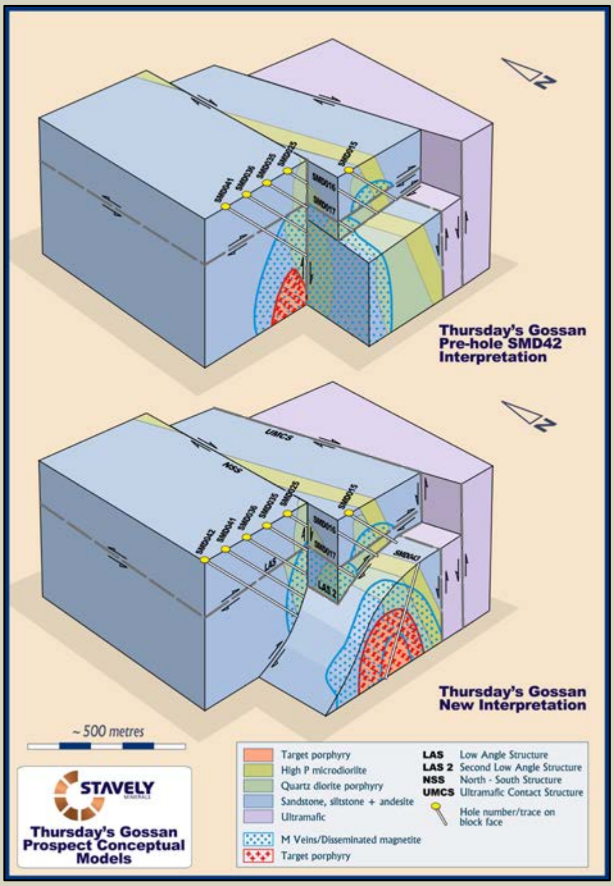

Figure 6 Thursday's Gossan Prospect – Conceptual Model.

i. Thursday's Gossan Porphyry Prospect

During the year twenty diamond drill holes (SMD029 to SMD048) and five diamond wedges (SMD029W1, SMD030W1, SMD044W1, SMD045W1 and SMD04W2) were drilled (Figure 7). The drilling was targeting the potassic 'core' where the best developed copper and gold grades are expected to be loacted and is yet to be discovered.

Drill hole SMD029 was designed to test aeromagnetic anomaly 'D' (Figure 8). The hole failed at 384.7m without reaching the target depth and consequently a wedge was set in the hole and the wedged hole (designated SMD029W1) was continued to 837.5m depth.

Assay results from diamond hole SMD029W1 have returned strong copper-gold mineralisation within a very broad zone of low-grade mineralisation including:

- 314m at 0.11% copper from 522m to end of hole including:
  - 1m at 1.04g/t gold from 652m
  - 4m at 0.44% copper, 0.10g/t gold and 3.9g/t silver from 690m, and
  - 76m at 0.16% copper from 745m.

Drill hole SMD030 failed and subsequently SMD031 was drilled in the opposite direction targeting the same magnetic feature – anomaly 'B' (Figure 8). SMD031 intersected two hydrothermal breccia intervals which were not well mineralised, however the footwall zones to the west of the of both breccia does host copper mineralisation and patchy gold mineralisation including:

- 16m at 0.18% copper from 109m
- 61m at 0.16 % copper from 164m, including
  - 10 at 2.37% copper, 0.52g/t gold and 29g/t silver, and
  - 1m at 1.48% copper, 0.16g/t gold and 25g/t silver

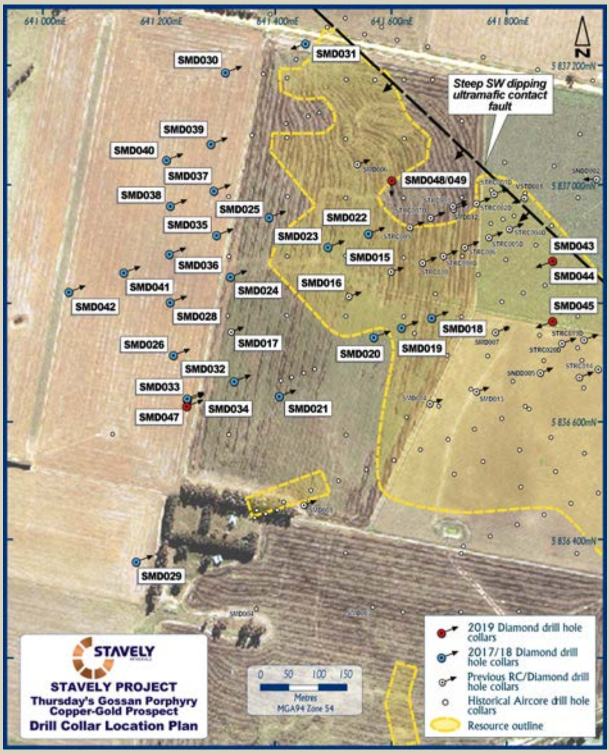

Figure 7. Thursday's Gossan Prospect – Drill Collar Location Plan.

Hole SMD032 drilled to test aeromagnetic anomaly 'C' (Figure 8) intersected a strongly magnetic intrusive dacite and zones of extremely strong magnetite dissemination in sandstone – all above the LAS – and adequately explained the aeromagnetic anomaly. The drill hole was continued to test the area at depth on the east side of the NSS. On the east side of the NSS, the drill hole intersected the target quartz diorite porphyry but not the target M veins. On the contact with a dacite porphyry, the hole encountered a significant interval of basal high-sulphidation copper-gold-silver mineralisation, including (Figure 9):

- **63m at 0.84% copper and 0.11g/t gold** from 517m, including:
  - **6m at 6.73% copper, 0.84g/t gold and 15g/t silver** from 538m, including:
    - **1m at 22.8% copper, 0.91g/t gold and 48g/t silver**, and
    - **2m at 2.43% copper, 0.28g/t gold and 4.9g/t silver** from 551m

The high-grade copper intercepts of **9m at 0.28% copper and 0.21g/t gold** from 719m and **2m at 2.43% copper** are separated by a late mineral dacite dyke.

From July to December 2018, holes SMD033 to SMD042, inclusive were drilled to "prospect" along the NSS in the northern portion of the Thursday's Gossan prospect to find the best / hottest occurrence of M veins below the LAS.

Drilling issues also resulted in drill hole SMD033 being abanonded at 121m and the subsequent redrilled hole, SMD034, also failed to reach the target depth due to broken ground.

SMD035 and SMD036 returned 5m at 1.10% copper and 0.15g/t gold, and 2m at 1.73% copper and 0.20g/t gold, respectively in the NSS.

Holes SMD037 and SMD038 were drilled to target the northern extension of the M veins in SMD035 (Figure 7). Below the LAS and to the west of the NSS, both holes did encounter ocassional M veins.

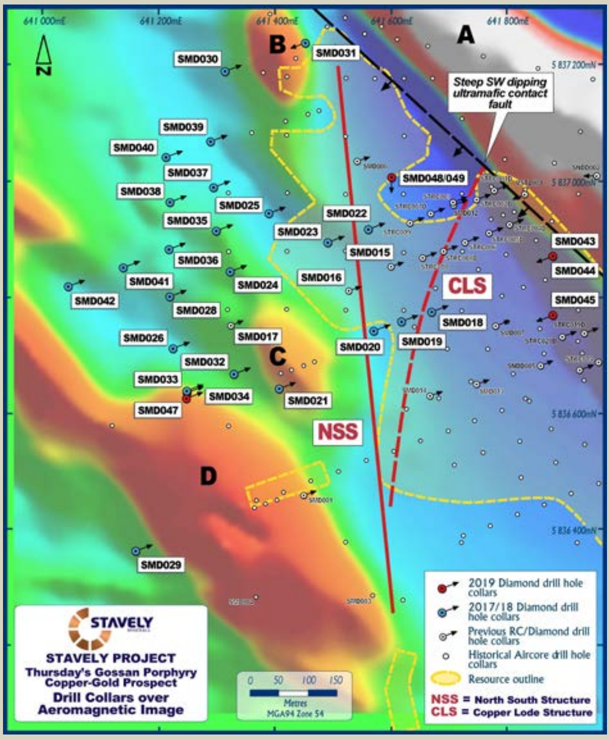

Figure 8. Thursday's Gossan Prospect – Drill Collar Location Plan over Aeromagnetic Image.

Hole SMD039 was drilled to target the northern extension of the M veins in SMD037. The hole intersected magnetite/ epidote alteration, which was followed up in hole SMD040. Under the LAS and to the west of the NSS, SMD040 intersected patchy magnetite and epidote alteration, trace quartz-magnetite, pyrite and chalcopyrite as well as carbonate veining.

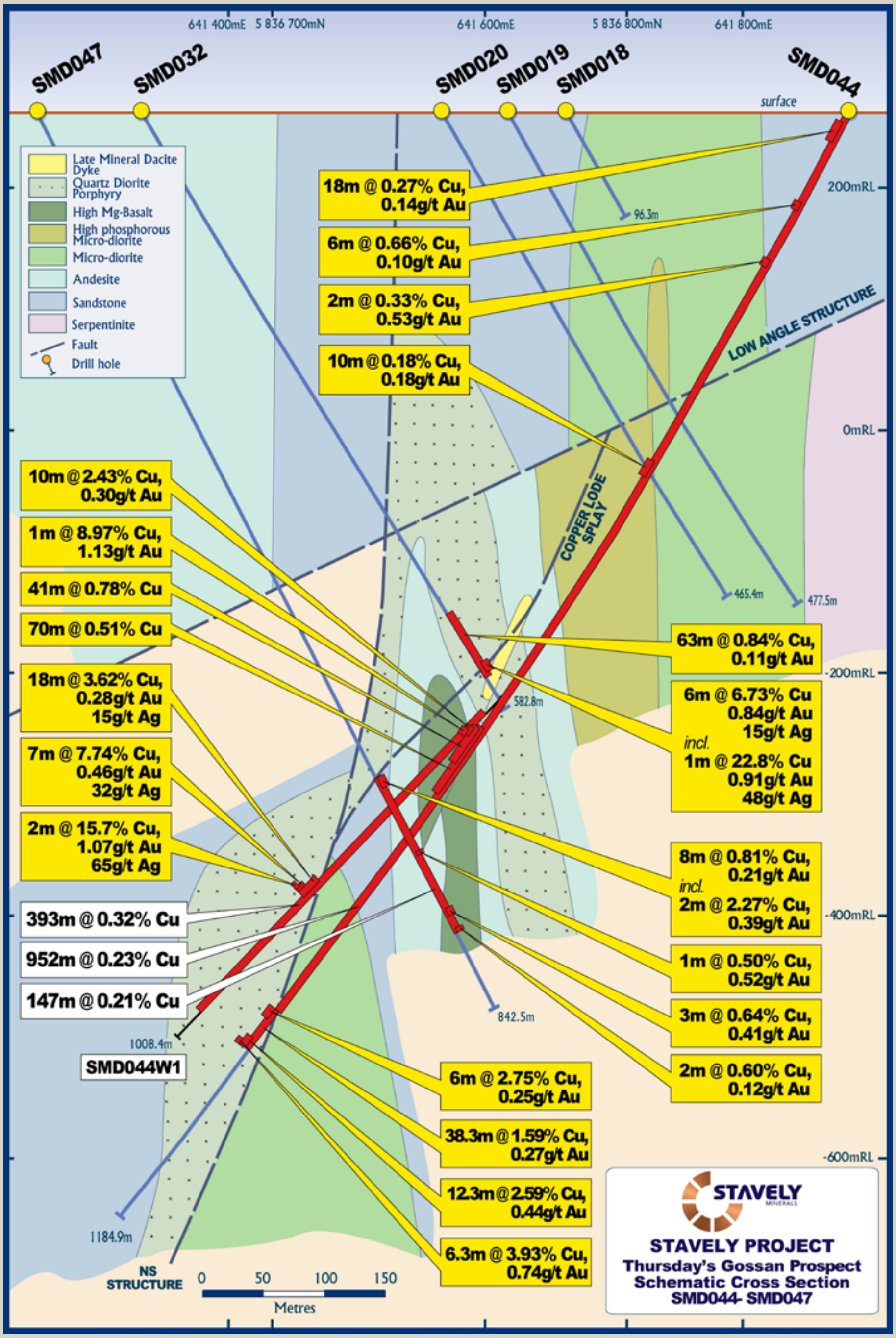

Figure 9. Thursday's Gossan Prospect Schematic Cross Section SMD044-SMD047.

Drill holes SMD041 and SMD042 were targeting the core of the porphyry below the LAS and to the west of the NSS.The mineralised interval of 32m at 0.16% copper commenced on the NSS in SMD041.

Observations from drill hole SMD042, completed to a depth of 1,001.5m in December, resulted in a change of focus from the north to the south. The NSS was intersected in SMD042 at 825m which was significantly higher up in the drill hole than the expected 1,050m. This indicates that there has been significant shallowing in the westerly dip of the NSS, which has the following implications:-

The potential for a significant volume of the target host quartz diorite porphyry (QDP) and the target porphyry intrusion at depth is reduced on the west side of the NSS. Conversely, there is significantly more 'space' for the target host QDP and the deeper target porphyry intrusion at depth to the east of, and below the NSS.

An analysis of the results received has led to the observation that the section with holes SMD028, SMD024, SMD023 and SMD022 all host mineralisation on the LAS but the section to the north of that, with holes SMD025, SMD035, SMD036 and SMD041 do not host mineralisation on the LAS. The implication is that the ascending mineralised fluid from the porphyry source at depth did not penetrate along the LAS on the northern section.

However, holes SMD035, SMD036 and SMD041 all do host copper and high-grade copper-gold mineralisation on the NSS. The implication is that on this northern section, copper-gold mineralising fluids were ascending along the NSS – probably near the northern-most extent of the system.

The observed shallowing of the NSS at depth in SMD042 has resulted in a reinterpretation of the potential location of the source porphyry intrusion. With the shallowing of the NSS and with that structure clearly hosting a series of high-grade copper-gold drill intercepts in multiple drill holes, the causative porphyry is now believed to be on the east side, and below the shallowing NSS.

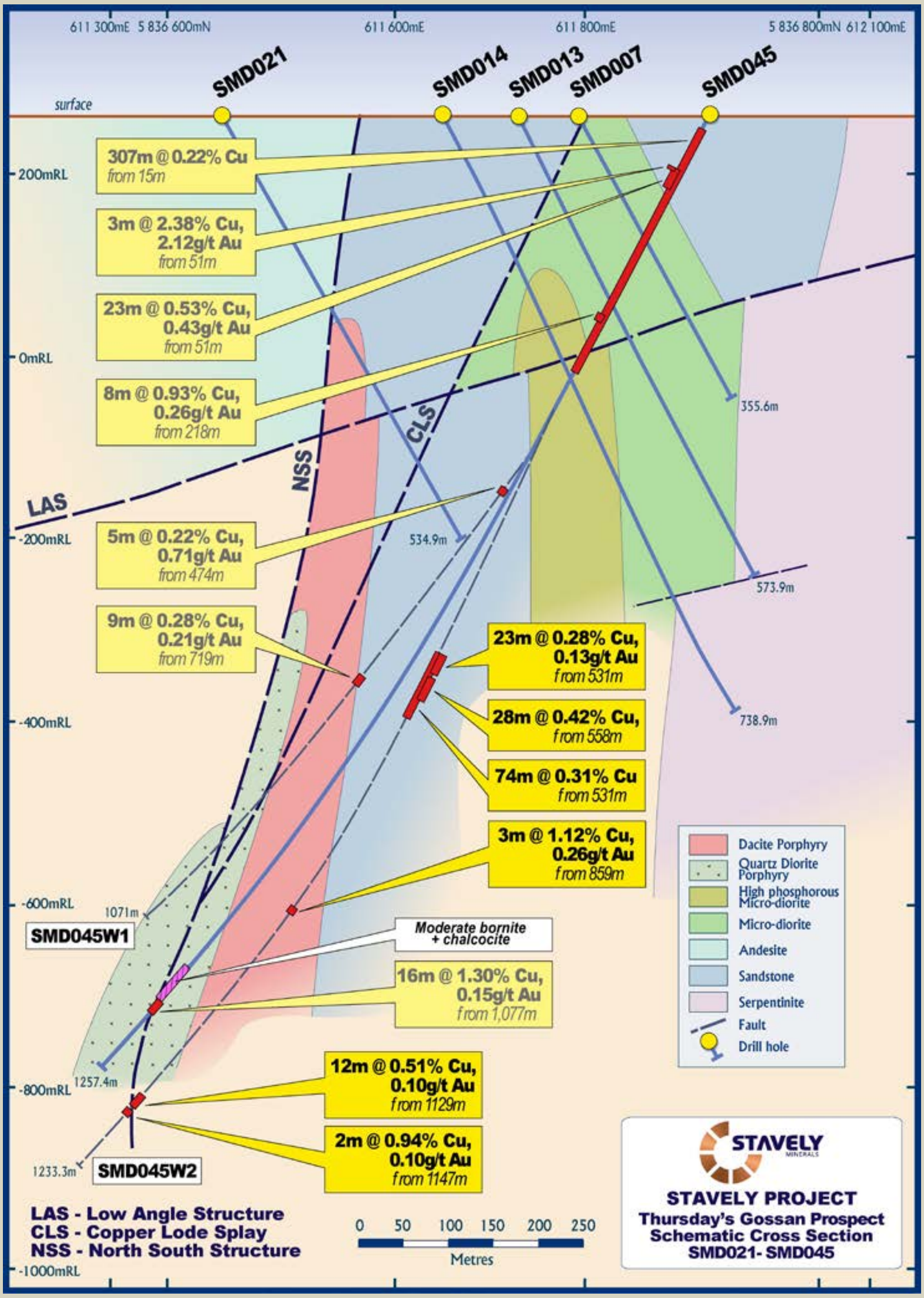

Figure 10. Thursday's Gossan Prospect Schematic Cross Section SMD021–SMD045.

Drill hole SMD043 was collared to test a large gap in the drilling at Thursday's Gossan to the south of and at depth below SMD032. Drill holes SMD033 and SMD034, intended to test this area, both failed at shallow depths in broken ground and were abandoned. SMD043 was collared to test a similar space but the drill rig was turned around 180 degrees to drill from the opposite direction in better ground conditions.

Drill hole SMD043 was terminated due to excessive deviation and drill hole SMD044 was collared in a similar location.

Drill hole SMD044 returned a very large, low-grade interval of **952m at 0.23% copper** from 11m to 963m. The drill hole intersected multiple zones of high-grade copper-gold mineralisation including **10m at 2.43% copper and 0.30g/t gold** from the CLS structure and **38.3m at 1.59% copper and 0.27g/t gold** from the NSS.

A wedge hole (SMD044W1) off drill hole SMD044 was completed to provide further important geological information to assist in vectoring into the causative porphyry system.

The results from SMD044W1 include another broad intercept of moderate-grade copper mineralisation of **393 metres at 0.32% copper**. Included in these results are the highest-grade intercepts over meaningful widths to date with **18m at 3.62% copper, 0.28g/t gold and 15g/t silver** including **2m at 15.7% copper, 1.07g/t gold and 65g/t silver** on the NSS.

Drill hole SMD045, collared to the south of SMD044, intercepted a broad zone of moderate-grade copper, **307m at 0.22% copper** from 15m as well as high-grade structurally controlled copper- gold, **16m at 1.30% copper and 0.15 g/t gold** from 1,077m, in the NSS. SMD045W1, drilled to target the NSS 170m vertically above the intercept in SMD045, also returned significant assay results including **9m at 0.28% copper and 0.21g/t gold** from 719m, however the NSS was not well mineralised (Figure 10).

Diamond drill hole wedge SMD045W2, drilled to target the NSS below the intercept reported in SMD045 has returned a broad zone of moderate grade copper (74m at 0.31% from 531m) and several higher-grade copper-gold mineralisation including **3m at 1.12% copper and 0.26 g/t gold** from 859m, as well as **12m at 0.51% Cu and 0.1g/t gold** from 1,129m in the NSS and **2m at 0.94% copper and 0.1g/t gold** from 1,147m in the NSS (Figure 10).

Diamond drill hole SMD047, drilled in the opposite direction to previously reported intercepts in SMD044 and SMD045, intersects a broad zone of moderate copper mineralisation with **147m at 0.31% copper** and a higher-grade interval of **8m at 0.81% copper and 0.21g/t gold** in phyllic altered host-rock.

The high -grade intercepts in mineralised structures in recent drill holes SMD044, SMD044W1, SMD045, SMD045W1 and SMD045W2, have provided a vector to the causative copper-gold porphyry at depth. When modelling in the plane of the NSS, these intercepts appear to reflect a steep southernly plunge to the well-developed high-grade copper-gold-silver mineralisation. This trend also appears to be reflected in a number of different data sets including sulphur abundance, potassium and strontium geochemistry, vanadium over scandium ratios (reflecting an evolved porphyry fluid source) short-wavelength white mica infra-red absorption features (as reflecting proximity to a source porphyry), light sulphur isotopes (also reflecting proximity to an oxidised magmatic source) and other alteration mineralogy, copper sulphide species, the distribution of disseminated and vein-hosted sulphate minerals and vein characteristics.

Deep drill hole SMD049 (a re-drill of SMD048 which failed), currently in progress is planned to a depth of 1,500m, is being drilled directly down the plunge of the interpreted structural 'conduit' for fluids emanating from the porphyry at depth. This drill hole is being drilled parallel to the NSS and is not expected to intercept it. The primary target is the causative copper-gold porphyry at depth.

ii. Victor Porphyry Prospect

Hole SMD046 was drilled to test Dr Corbett's recommended Target 'C' in the centre of the Victor porphyry target with its concentric- zoned alteration system (Figure 11). The drill hole was succesfully pushed beyond the 'problematic' drilling zone around 300m depth (as encountered by previous explorers) and was completed to a final depth of 636.9m. Despite intersecting well-developed porphyry stockwork quartz veining with locally moderate molybdenite mineralisation and trace to minor chalcopyrite and rare bornite mineralisation, no significant copper intercepts were returned.

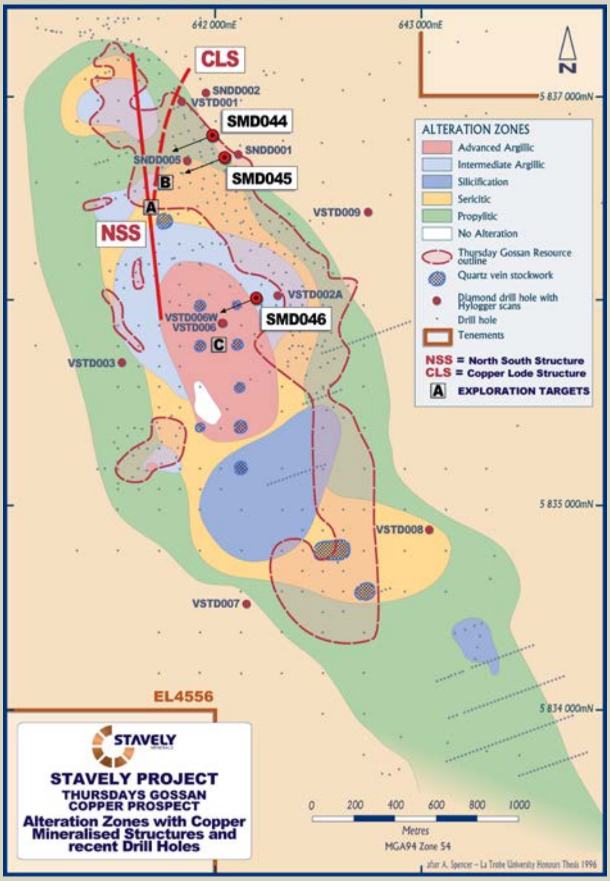

Figure 11. Thursday's Gossan Prospect – Alteration Zone with Copper Mineralised Structures and Recent Drill Holes.

Mount Stavely Porphyry Prospect

Two diamond drill holes, MSD001 and MSD002 were drilled during and subsequent to the half year at the Mount Stavely Prospect to test coincident gravity low (interpreted porphyry intrusion) and soil geochemical gold, arsenic and molybdenum anomalies (Figure 12).

The gravity anomaly was interpreted as a composite anomaly with two distinct gravity lows. The lows were targeted by drill holes MSD001 and MSD002 respectively.

In diamond drill hole MSD001, weakly anomalous copper results of up to 0.17% were returned from a zone between 374m to 410m where trace to 1% patchy chalcopyrite blebs and chalcopyrite, bornite and magnetite stringer veins are associated with a moderate to strong pervasive hematite+albite ± K-spar alteration assemblage. No anomalous assay results were returned for MDS002.

Black Range Joint Venture Project

Analytical results were received for hole SMD027 drilled during the previous year to test a discrete magnetic feature along a major north-south structure, approximately 2 km north of the Thursday's Gossan copper-gold porphyry prospect. The presence of disseminated magnetite, seen throughout the gabbro explains the magnetic anomaly.

No anomalous assay results were returned and from litho-geochemical sampling the intrusive from the hole plots within the barren intrusive field within the Bob Loucks' Cu+Au productivity plot.

The age date came from a combination of U/Pb ratios on individual spots in apatite and titanite grains was 478±21Ma. While the error is large it clearly shows the gabbro to be of Cambrian age and contemporaneous with the mineralisation at the Thursday's Gossan porphyry prospect, and not a Devonian intrusion.

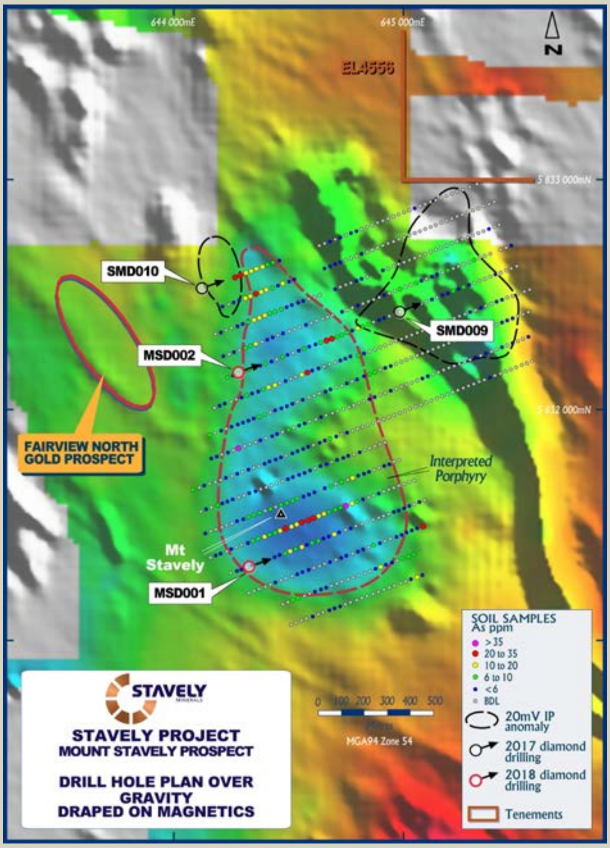

Figure 12. Mount Stavely Prospect – Drill Hole Plan over Gravity draped on Magnetics.

Yarram Park Project

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

During the year, one diamond hole STWD004 was drilled at the Toora West prospect (Figure 13).

i. Toora West Prospect

Diamond hole STWD004, drilled to a depth of 372 metres to test to test a discrete magnetic anomaly in the vicinity of the previous drilling at the Toora West prospect, intersected a sequence of feldspar phyric rhyodacites and basaltic andesites, as well as fine grained basalts. Trace pyrite and occasionally trace chalcopyrite. The assays were pending at the end of the period.

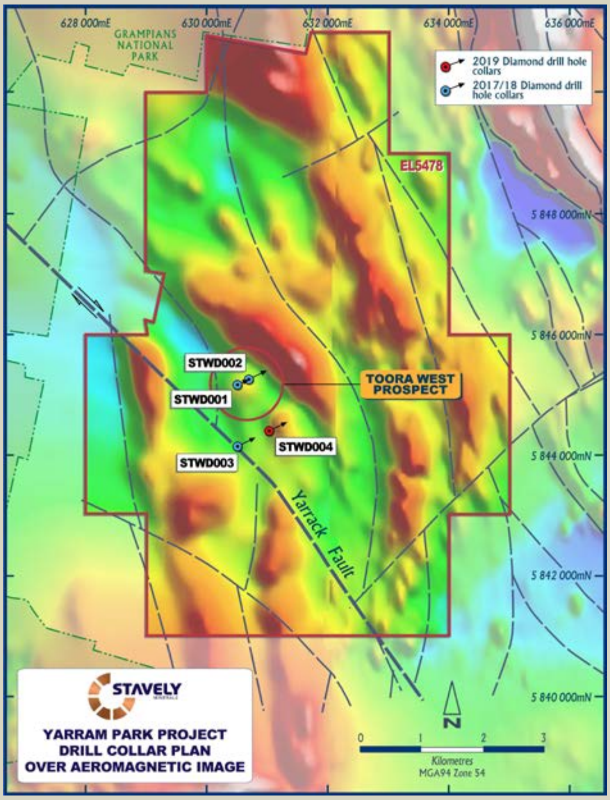

Figure 13. Yarram Park Project – Drill Collar Plan over Aeromagnetic Image.

Ravenswood Project

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

The exploration programmes during the previous year led to the identification of the Connolly North quartz-vein hosted gold target on the Ravenswood West tenement and the Area 8 low-sulphidation epithermal gold-silver target on the Dreghorn tenement (Figure 14).

Drill testing of these two prospects was conducted during the year.

i. Connolly North Prospect

At Connolly North, quartz veins in low-angle structures similar to those seen in the Sarsfield open pit at the Ravenswood Gold Mine, ~15km away, are observed. The IP survey conducted during the previous quarter returned a +10mV/V chargeability anomaly. Rock chip sampling during the previous quarter in the Connolly North area returned gold results of **14.8g/t, 12.75g/t, 2.07g/t and 1.42g/t**. The stream sediment samples taken in tributaries to the Connolly Creek and draining the Connolly North prospect area returned anomalous gold values of **1.61g/t, 1.20g/t and 1.18g/t**. Previous rock chip sampling in 2017 returned a **36.6g/t gold** result from a 5-10cm thick low-angle quartz vein at the Connolly North prospect.

Four diamond holes (SRD006 – SRD009) for 987.2m were drilled to test for steeply- and shallowly-dipping quartz-gold-base metal veins associated with a NNW-trending shear. The drilling at Connolly North intersected very similar veining to that reported at the Buck Reef West Deposit at the Ravenswood Gold Mine. Trace to weak quartz-pyrite ± carbonate ± galena ± sphalerite ± chalcopyrite veining with chlorite ± sericite ± pyrite selvages were intersected in the granodiorite, however no significant gold or base metal intercepts were returned.

ii. Area 8 Prospect

Diamond drilling was conducted at the Area 8 prospect where previously reported surface rock-chips returned assay results of up to **0.65g/t gold, 106g/t silver, 397 ppm arsenic and 837 ppm antimony** from crustiform and colloform quartz veins and quartz breccia in-fill. The quartz textures and geochemical signature are consistent with a low-sulphidation epithermal gold-silver system. At Area 8, the IP survey in 2018 returned a well constrained resistivity anomaly.

Three diamond holes (SRD010 – SRD012) for 274.7m were drilled to test a northeast-trending ridge of aplite and associated quartz/chalcedony vein breccia with epithermal geochemical signature and anomalous gold at the Area 8 prospect. Drilling intersected variably altered granodiorite with rare aplite dykes. A quartz+carbonate+pyrite breccia shear vein was intersected in drill hole SRD011. While sulphides were observed in the drilling, they occurred in narrow, centimetre scale intervals and no significant gold or base metal intercepts were returned in the assays.

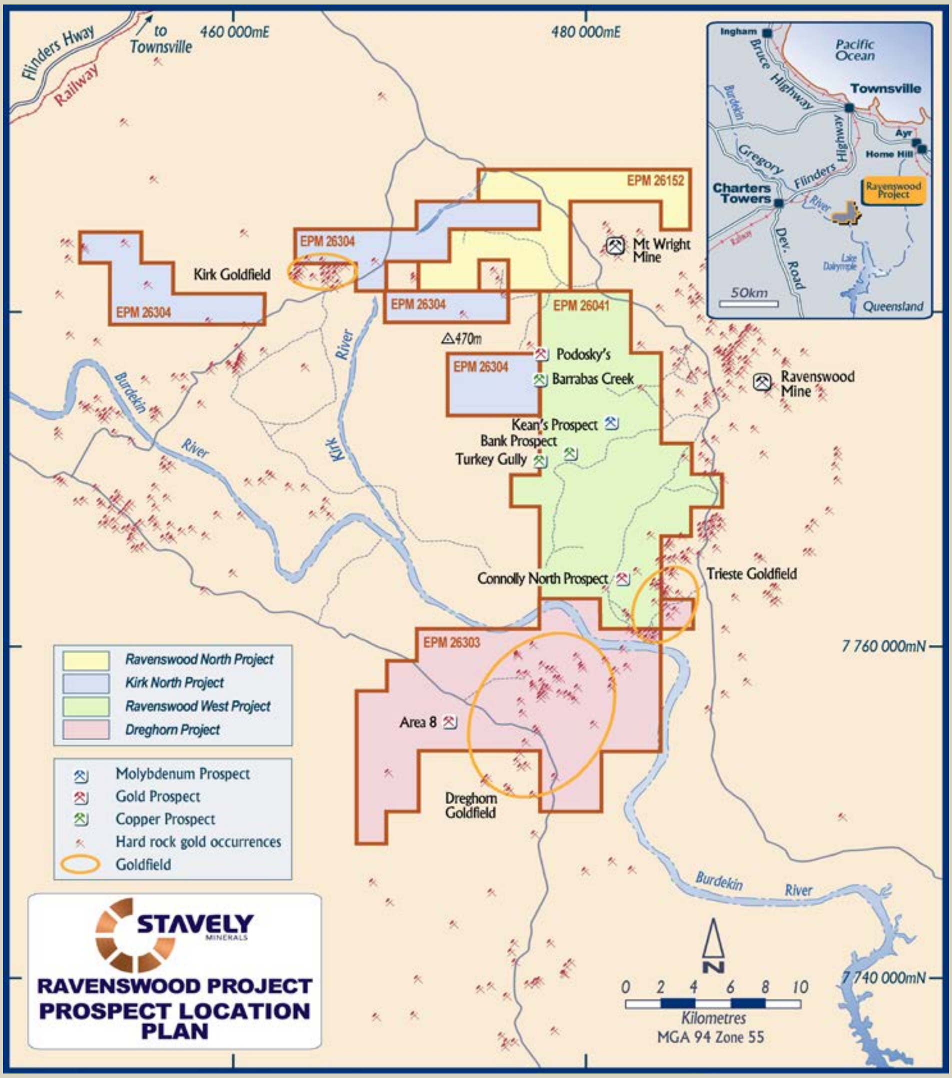

Figure 14. Ravenswood Project – Prospect Location Plan.

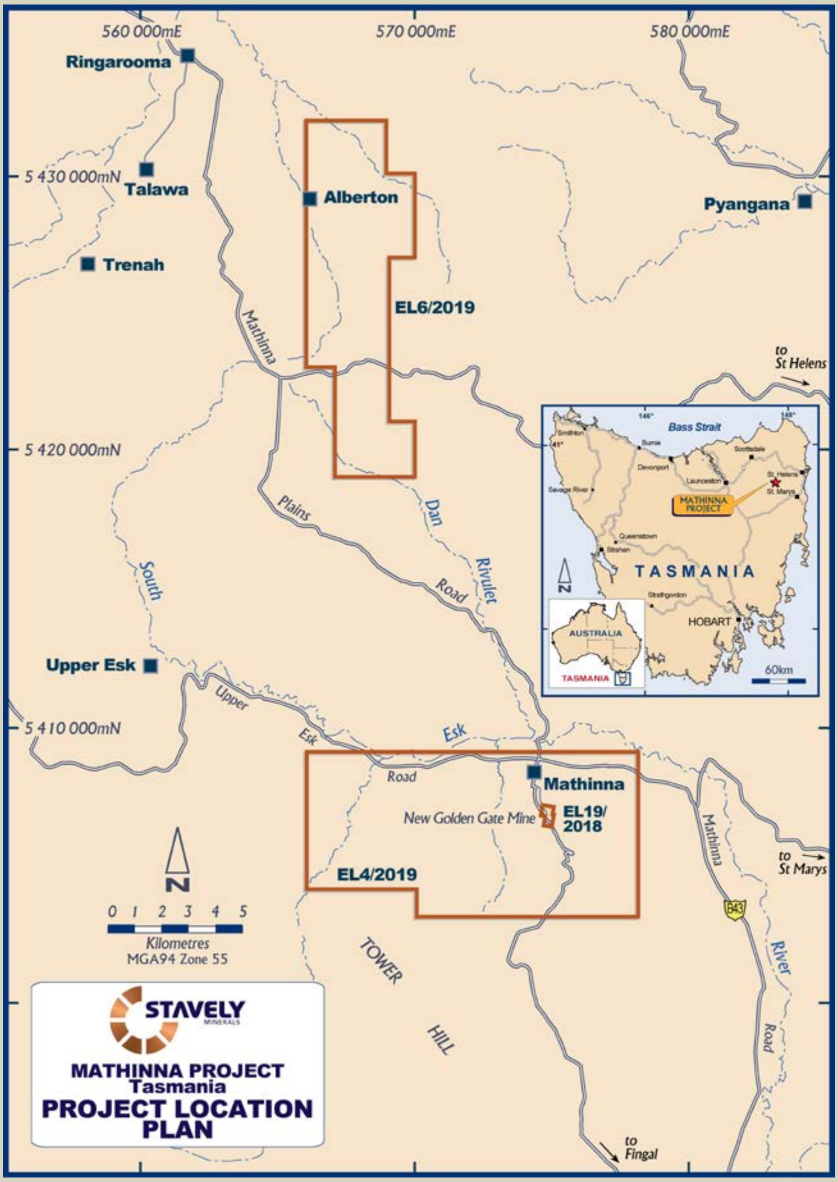

Figure 15. Mathinna Project Location Plan.

Mathinna Joint Venture Project

Stavely Tasmania have been granted priority application rights to three exploration licences within the highly prospective Alberton – Mathinna "Gold Corridor" in northeast Tasmania.

Application EL19/2018 covers the New Golden Gate Mine. Application EL4/2019 covers an area of 68 km^2 and surrounds EL19/2018 (Figure 15).

Numerous Tasmanian Department of Mines and Geological Survey reports detail the mining and mineralisation of the Mathinna Goldfield, which was particularly prolific prior to the first World War. Official records detail production of 289,000 ounces of gold at an average grade of 26g/t gold up to 1932. However, official records almost certainly significantly underestimate actual gold production from the Mathinna district given that estimates did not include alluvial production and a 1914 Geological Survey of Tasmania report estimated that production to date had been between 300,000 and 320,000 ounces.

Since that time there has been very little modern exploration.

The Mathinna Goldfield is hosted in a thick sequence of bedded fine- to medium-grained quartz-rich turbidites with shale tops considered as southern analogues to the units within the Melbourne Zone in Victoria that hosts the Walhalla and Woods Point Goldfields. The host units are intruded by I and S-type granites and are folded along a north-northwest trending axis.

Mineralisation is interpreted to be hosted within dextral strike-slip shear zones with right-hand jogs creating dilatant zones that host the structurally controlled quartz vein arrays. Mineralisation is described as being hosted in quartz veins of variable width from a few centimetres to 10m and ranging in strike length from 5m to over 300m.

The majority of gold productive veins are reported to be less than 1m wide and between 30m to 60m in strike length. The maximum vertical strike extent for a single vein is 336m at the New Golden Gate Mine.

Gold mineralisation is reported to be in the form of free gold, is non-refractory and is associated with low abundance of ~1-2% sulphides including arsenopyrite, galena, sphalerite and chalcopyrite.

There is a large volume of historical mine tailings in the valley below the mine workings. These tailings are of unknown volume and grade given a portion was treated with a mobile gold plant approximately 10 years ago.

Subject to grant of the EL, Stavely Minerals intends to complete initial environmental baseline studies to quantify the extent of historic disturbance and to identify flora and fauna requiring conservation. Subject to these studies, Stavely Minerals intends to undertake a review of the structural controls on mineralisation and then drill the best potentially mineralised orientations with low-impact diamond drilling

Application EL6/2019 covers an area 40km^2, is located approximately 13km north of the New Golden Gate Mine and host numerous historical mines and workings.

JORC Compliance Statement

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

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

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

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

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

Your Directors present their report for the year ended 30 June 2019.

DIRECTORS

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

Christopher Cairns
B.Sc (Hons)
Executive Chairman & Managing Director (Appointed 23 May 2006, appointed Chairman 14 September 2018)

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

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

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

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

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

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

Jennifer Murphy
B.Sc(Hons), M.Sc
Executive Technical Director (Appointed 8 March 2013)

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

Between 2004 and 2007, Ms Murphy provided contract geological services to a range of junior exploration companies. Ms Murphy joined Integra Mining Limited in 2007, initially as an administration geologist, and in 2010 the role was expanded to that of corporate geologist. In 2013 Ms Murphy joined Stavely 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.

Peter Ironside
B.Com, CA
Non Executive Director (Appointed 23 May 2006)

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

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

Other directorships of listed companies in the last three years: Zamanco Minerals Limited (current).

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.

William Plyley
B.Sc (Metallurgical Engineering)
Non Executive Chairman (appointed 6 December 2013, ceased 20 November 2018)

Mr William (Bill) Plyley sadly passed away on 20 November 2018. He was a man of great humility and integrity with an enthusiasm for mineral exploration. Bill was Stavely Minerals' inaugural Chairman and his steady stewardship and support for the Company's exploration efforts will be sorely missed by the Stavely Minerals' team. He was a mining executive with over 36 years operational experience in exploration, mining, processing, and management with substantial resources companies such as Placer Dome Inc, Normandy Mining Limited and Red Back Mining Inc. He was responsible for major mine developments in Ghana, West Africa and Australia. He also had significant roles in development and expansion of mines in Papua New Guinea and Australia. Mr Plyley retired, in late 2010, from a role as Chief Operating Officer of La Mancha Resources where he was responsible for the development of the Frog's Leg and White Foil mines near Kalgoorlie, Western Australia and the operation of mines in Sudan and Cote d'Ivoire, Africa. Recently, Mr Plyley was a Director of Integra Mining Limited from November 2011 until the takeover of Integra by Silver Lake Resources Limited in January 2013.

MEETINGS OF DIRECTORS

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

	Board of Directors		Audit and Risk Committee	
	Meetings Held**	Meetings Attended	Meetings Held**	Meetings Attended
W Plyley (Ceased 20 Nov 2018)	5	-	1	1
C Cairns	8	8	*	*
J Murphy	8	8	2	2
P Ironside	8	8	2	2
A Sparks (Appointed 14 Sept 2018)	7	7	1	1

* 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 36 cents, expiry 31/12/2019**
C Cairns	16,388,460	3,000,000
J Murphy	4,774,579	2,200,000
P Ironside	30,816,078	1,500,000
A Sparks	1,099,302	1,500,000

DIVIDENDS

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

ENVIRONMENTAL REGULATIONS

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

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

CORPORATE INFORMATION

Corporate Structure

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

Stavely Minerals Limited	-	parent entity
Ukalunda Pty Ltd	-	100% owned controlled entity
Stavely Tasmania Holdings Pty Ltd	-	100% owned controlled entity
Stavely Tasmania Operations Pty Ltd	-	100% owned controlled entity
Stavely Tasmania Pty Ltd	-	100% owned controlled entity

Principal Activity
The Group's principal activity was mineral exploration for the year ended 30 June 2019. There were no significant changes in the nature of the principal activities during the year.

Operations review
Refer to the Operations Review on pages 3 to 20.

Summary of Financial Position, Asset Transactions and Corporate Activities
A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	Year 30 June 2019 $	Year 30 June 2018 $
Cash and cash equivalents held at year end	2,875,862	6,559,041
Net loss for the year after tax	(9,012,511)	(6,921,479)
Included in loss for the year:		
Exploration costs	(6,700,678)	(5,119,491)
Equity-based payments	(1,172,406)	(1,106,742)
Basic loss per share (cents) from continuing operations	(5.65)	(5.21)
Net cash used in operating activities	(7,336,529)	(4,234,312)
Net cash used in investing activities	(364,225)	(133,414)
Net cash from financing activities	4,017,574	8,387,666

During the year:

- On 17 April 2019, Stavely issued 12,307,767 shares at 26 cents per share pursuant to a placement to sophisticated and institutional investors. Gross proceeds were $3,200,019.

- On 17 April 2019, Stavely issued 7,692,308 shares at 26 cents as a prepayment of $2,000,000 for drilling services to be utilised over 12 months to April 2020. As at 30 June 2019, $1.348 million of prepaid drilling services remains to be utilised.

- On 10 May 2019, Stavely issued 4,263,544 shares at 26 cents per share pursuant to a Share Purchase Plan. Gross proceeds were $1,108,500.

- In October 2014, Stavely Minerals entered into a $2 million Share Subscription Agreement with its existing drilling contractor, Titeline Drilling Pty Ltd. Pursuant to this agreement, the drilling contractor has agreed to subscribe for up to $2 million of shares, with Stavely Minerals having the option to settle monthly drilling charges by way of cash payment and by way of offset of the price of subscription application for shares.

  During the year ended 30 June 2019, the remaining 3,026,026 shares ($865,306) were issued pursuant to this agreement. On 22 March 2019, 272,123 shares ($84,358) were issued to Titeline Drilling Pty Ltd outside of the Subscription Agreement in payment of the balance of drilling services rendered.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
Significant changes in the state of affairs of the Group during the financial year are detailed on pages 3 to 20 of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS
The Group anticipates to continue its exploration activities and consider corporate transactions to ensure further development of its tenements.

REMUNERATION REPORT (AUDITED)

The Directors present the 2019 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

William Plyley	–	Non-executive Chairman (from 6 December 2013 to 20 November 2018)
Peter Ironside	–	Director (from 23 May 2006)
Amanda Sparks	–	Director (from 14 September 2018)

Executive Directors

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

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

Remuneration Governance

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

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

Remuneration Philosophy

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

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

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

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

Non-Executive directors' remuneration

Objective

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

Structure

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

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

Executive Director Remuneration

Objective

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

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

Structure

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

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

Fixed Remuneration - Objective

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

Fixed Remuneration - Structure

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

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

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

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

C. CONTRACTUAL ARRANGEMENTS OF KMP REMUNERATION

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

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

Director Name	Term of agreement	Base annual salary exclusive of statutory superannuation at 30/6/2019	Termination benefit
Christopher Cairns	Commenced 22/1/2014 (varied effective 1/11/2017)	$200,000	12 months
Jennifer Murphy	Commenced 22/1/2014 (varied effective 1/11/2017 & 15/10/2018)	$150,000	12 months
Peter Ironside	Ongoing, subject to re-elections	$36,000	None
Amanda Sparks	Ongoing, subject to re-elections	$36,000	None

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:

			Post Employment		Share Based	
	Year	Cash salary, directors fees, consulting fees, insurances and movement in leave provisions $	Superannuation $	Total Cash and Provisions $	Options [1] $	Total including share based payments $
Directors						
W Plyley*	**2019**	**95,833**	**11,057**	**106,890**	**112,371**	**219,261**
	2018	37,499	3,562	41,061	64,978	106,039
C Cairns	**2019**	**198,580**	**19,000**	**217,580**	**224,742**	**442,322**
	2018	195,510	17,417	212,927	345,306	558,233
J Murphy	**2019**	**141,519**	**13,537**	**155,056**	**164,811**	**319,867**
	2018	112,001	10,450	122,451	248,621	371,072
P Ironside	**2019**	**28,700**	**2,726**	**31,426**	**112,371**	**143,797**
	2018	-	-	-	75,441	75,441
A Sparks**	**2019**	**53,500**	**2,726**	**56,226**	**112,371**	**168,597**
	2018	-	-	-	-	-
TOTAL	**2019**	**518,132**	**49,046**	**567,178**	**726,666**	**1,293,844**
	2018	345,010	31,429	376,439	734,346	1,110,785

[1] Equity based payments – options. These represent the amount expensed for options granted and vested in the year.
* Ceased as a director on 20 November 2018
** Appointed as director on 14 September 2018. Remuneration includes director and company secretarial fees.

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

Share-based Compensation

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

2019	Number of Options at 36 cents, expiry 31/12/2019	Value* per option at grant date $
Directors		
C Cairns	3,000,000	0.0749
J Murphy	2,200,000	0.0749
P Ironside	1,500,000	0.0749
A Sparks	1,500,000	0.0749

These options were granted to recognise the contribution made by the Directors, by the Directors agreeing to reduce their salaries / fees and also provide an incentive component in the remuneration package for the Directors to motivate and reward their performance in their respective roles as Directors, which adds value for Shareholders. By offering these incentives in the form of options, rather than cash, the Company maximises the availability of cash for exploration activities. Issue of these Director options were approved by Shareholders at the Company's Annual General Meeting held on 28 November 2018.

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

price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Further details are in note 3 of the financial statements.

Shares issued to Key Management Personnel on exercise of compensation options

On 25 October 2018, 7,075,000 options were exercised by Directors using the cashless exercise mechanism as part of Stavely's Employee Incentive Plan. On exercise of the options, the Company issued 2,808,892 shares. The number of shares was determined by the value calculated between the market price of the shares (based on a VWAP for the 5 trading days prior to the exercise date) of 31.51 cents and the exercise price of 19 cents in relation to the options.

E.. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR

(a) Shareholdings of Key Management Personnel

30 June 2019	Balance at beginning of the year	Net change on appointment/ ceasing to be a KMP	Net change during the year	Balance at end of the year
Directors				
W Plyley	22,000	(22,000)	-	-
C Cairns	15,007,419	-	665,542	15,672,961
J Murphy	3,497,097	-	762,323	4,259,420
P Ironside	30,295,361	-	434,858	30,730,219
A Sparks	-	435,942	484,486	920,428
	48,821,877	413,942	2,347,209	51,583,028

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

(b) Option holdings of Key Management Personnel

30 June 2019	Balance at beginning of the year	Net change on appointment/ ceasing to be a KMP	Granted as remuneration	Exercised during the year	Balance at end of the year	Exercisable
Directors						
W Plyley	1,050,000	(300,000)	-	(750,000)	-	-
C Cairns	5,000,000		3,000,000	(2,500,000)	5,500,000	5,500,000
J Murphy	3,600,000		2,200,000	(1,800,000)	4,000,000	4,000,000
P Ironside	1,250,000		1,500,000	(950,000)	1,800,000	1,800,000
A Sparks		1,700,000	1,500,000	(1,075,000)	2,125,000	2,125,000
	10,900,000	1,400,000	8,200,000	(7,075,000)	13,425,000	13,425,000

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 $131,250 (net of GST) was paid/payable for office rental and variable outgoings (2018: $134,611, net of GST).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of Zamanco Minerals Limited ("Zamanco"). Zamanco sub-leases office space in the premises the Company occupies. During the year an amount of $37,630 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2018: $36,948, net of GST).

G. USE OF REMUNERATION CONSULTANTS

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

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

The Company received 99.14% of 'yes' votes for its remuneration report for the 2018 financial year and did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Audited Remuneration Report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

SHARES UNDER OPTION

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

	Number	**Exercise Price**	**Expiry Date**
Unlisted Options	15,650,000	36 cents	31/12/2019

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

9,587,500 unlisted employee/consultant options with an exercise price of 19 cents were exercised during the year. Of the options exercised, 7,075,000 options were exercised by Key Management Personnel (2018: nil).

Subsequent to the end of the year, 7,050,000 unlisted employee/consultant options with an exercise price of 21 cents were exercised. Of the options exercised, 4,900,000 options were exercised by Key Management Personnel.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no matters or circumstances that have arisen since 30 June 2019 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 29 of this report.

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

	2019	**2018**
Taxation and Corporate advice services	$19,375	$9,810

Signed in accordance with a resolution of the Directors.

Christopher Cairns
Managing Director

Dated this 3rd day of September 2019

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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 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 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, 3 September 2019

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 2019 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 2019.

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

Christopher Cairns
Managing Director

Dated this 3rd day of September 2019

	Note	Consolidated Year ended 30 June 2019 $	Year ended 30 June 2018 $
Revenue and Income			
Interest revenue		69,299	86,128
Rental sub-lease revenue		37,630	36,948
Profit on sale of fixed assets		11,951	-
		118,880	123,076
Expenses			
Administration and corporate expenses	2(a)	(1,258,307)	(818,322)
Administration – equity based expenses	3	(1,172,406)	(1,106,742)
Exploration expensed	2(b)	(6,700,678)	(5,119,491)
Total expenses		(9,131,391)	(7,044,555)
Loss before income tax		**(9,012,511)**	**(6,921,479)**
Income tax expense	4	-	-
Loss after income tax attributable to members of Stavely Minerals Limited		**(9,012,511)**	**(6,921,479)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Other		-	-
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year		**(9,012,511)**	**(6,921,479)**
Loss per share for the year attributable to the members of Stavely Minerals Limited		**Cents Per Share**	**Cents Per Share**
Basic loss per share	5	(5.65)	(5.21)

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

		Consolidated	
		30 June 2019	**30 June 2018**
	Note	**$**	**$**
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,875,862	6,559,041
Other receivables	7	2,022,727	292,011
Total Current Assets		4,898,589	6,851,052
Non-Current Assets			
Receivables	7	72,500	42,500
Property, plant and equipment	8	157,588	128,605
Deferred exploration expenditure acquisition costs	9	3,006,057	3,006,057
Total Non-Current Assets		3,236,145	3,177,162
Total Assets		8,134,734	10,028,214
LIABILITIES			
Current Liabilities			
Trade and other payables	10	667,590	1,732,473
Provisions	11	108,578	64,308
Total Current Liabilities		776,168	1,796,781
Total Liabilities		776,168	1,796,781
Net Assets		**7,358,566**	**8,231,433**
Equity			
Issued capital	12	31,711,470	24,744,232
Reserves	13	4,468,259	3,295,853
Accumulated losses		(28,821,163)	(19,808,652)
Total Equity		**7,358,566**	**8,231,433**

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

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2017	**15,977,562**	**2,189,111**	**(12,887,173)**	**5,279,500**
Loss for the year	-	-	(6,921,479)	(6,921,479)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(6,921,479)	(6,921,479)
Transactions with owners in their capacity as owners:				
Issue of share capital	9,276,254	-	-	9,276,254
Cost of issue of share capital	(509,584)	-	-	(509,584)
Share based payments	-	1,106,742	-	1,106,742
	8,766,670	1,106,742	-	9,873,412
As at 30 June 2018	**24,744,232**	**3,295,853**	**(19,808,652)**	**8,231,433**
At 1 July 2018	**24,744,232**	**3,295,853**	**(19,808,652)**	**8,231,433**
Loss for the year	-	-	(9,012,511)	(9,012,511)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(9,012,511)	(9,012,511)
Transactions with owners in their capacity as owners:				
Issue of share capital	7,258,183	-	-	7,258,183
Cost of issue of share capital	(290,945)	-	-	(290,945)
Share based payments	-	1,172,406	-	1,172,406
	6,967,238	1,172,406	-	8,139,644
As at 30 June 2019	**31,711,470**	**4,468,259**	**(28,821,163)**	**7,358,566**

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

		Consolidated	
		Year ended 30 June 2019	**Year ended 30 June 2018**
	Note	**$**	**$**
Cash flows from operating activities			
Receipts in the ordinary course of activities (mostly GST and Victorian Government Co-Funding)		867,993	361,006
Payments to suppliers and employees		(8,280,039)	(4,675,228)
Interest received		75,517	79,910
Net cash flows used in operating activities	6(i)	(7,336,529)	(4,234,312)
Cash flows from investing activities			
Payments for plant and equipment		(97,225)	(133,414)
Proceeds from disposal of plant and equipment		13,000	-
Payment for bonds		(30,000)	-
Other – Beaconsfield Deposit		(250,000)	-
Net cash flows used in investing activities		(364,225)	(133,414)
Cash flows from financing activities			
Proceeds from issue of shares		4,308,519	8,897,250
Payment of share issue costs		(290,945)	(509,584)
Net cash flows from financing activities		4,017,574	8,387,666
Net (decrease)/increase in cash and cash equivalents held		(3,683,179)	4,019,940
Add opening cash and cash equivalents brought forward		6,559,041	2,539,101
Closing cash and cash equivalents carried forward	6	**2,875,862**	**6,559,041**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

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

The annual report of Stavely Minerals Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 3 September 2019.

(b) Statement of Compliance

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

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

Early adoption of accounting standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2018.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period for which the Group has adopted:

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

The new accounting policies are disclosed below. There is no impact on the Group for the year ended 30 June 2019.

AASB 15 Revenue from contracts with Customers

AASB 15 Revenue from contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Group on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Company has considered AASB 15 and determined that there is no impact on the financial statements as the Group is not generating sales revenue at this stage.

The Group's new revenue accounting policy is detailed below:

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any transitional adjustments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

The new accounting policies (applicable from 1 July 2018) are set out below.

Classification and measurement:
Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Impairment:
From 1 July 2018, the Group will assess, on a forward looking basis, any expected credit losses (ECLs) associated with any debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

New and amended standards not yet adopted by the Group
Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. The Group's assessment of the impact of these new standards and interpretations that may have an impact on the Group is set out below:

AASB 16 Leases
AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Stavely has not yet determined the impact on the group accounts, however it is likely that the rental of office premises in WA, residential premises used for site-based staff in Victoria will require Stavely to recognise lease liabilities and right-of-use assets on its' statement of financial position. This standard is not applicable until the financial year commencing 1 July 2019.

(d) Significant Accounting Estimates and Judgments

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Significant Accounting Estimates and Judgments - continued

Deposit for Beaconsfield (current asset)
As disclosed in note 14(c), on 18 June 2019, Stavely terminated the Beaconsfield Assets Acquisition Agreement with BCD on the basis that BCD had breached several clauses of the Acquisition Agreement. On 26 June 2019, BCD served a writ of summons in relation to that termination. Stavely strongly believes that the claims made in the writ are without merit and are defending the proceedings. Separately, Stavely Minerals has sought a return of the $250,000 deposit which it paid to BCD Resources NL under the Acquisition Agreement, which it believes it is entitled to. Accordingly, the Stavely Group has determined that the full $250,000 remains as a current receivable as at 30 June 2019.

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.

(e) Basis of Consolidation and Business Combinations

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

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

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

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

	Year ended 30 June 2019	Year ended 30 June 2018
	$	$
NOTE 2 - EXPENSES		
(a) Administration and Corporate Expenses		
Administration and corporate expenses include:		
Depreciation - administration	7,500	3,577
Operating lease rental expense	127,644	134,612
Other administration and corporate expenses	1,123,163	680,133
	1,258,307	818,322
Equity based payments expense – refer note 3	1,172,406	1,106,742
	2,430,713	1,925,064
(b) Exploration Costs Expensed		
Exploration costs expensed include:		
Depreciation - exploration	59,693	53,000
Exploration drilling – non-cash - refer note 12	1,602,114	349,004
Exploration other – non-cash – refer note 6(ii)	-	30,000
Other exploration costs expensed	5,147,080	4,753,404
Victorian Government Co-Funding for exploration	(108,209)	(65,917)
	6,700,678	5,119,491

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

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

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

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

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

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

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

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

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

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

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

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

	30 June 2019	30 June 2018
	$	$
Expensed in the profit or loss:		
Equity-based payments- options	1,172,406	1,106,742

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

Granted to key management personnel and consultants as equity compensation:

Grant Date	Number of Options	Terms	
2018/2019			
6/12/2018	15,650,000	Expire 31/12/2019 at 36c exercise price	- 5,950,000 granted to employees and consultants as incentives. - 9,700,000 granted to Directors as approved by Shareholders at the AGM held on 28/11/2018.
2017/2018			
20/10/17	9,587,500	Expire 31/12/2018 at 19c exercise price	- 3,587,500 granted to Company Secretary, employees and consultants as incentives. - 6,000,000 granted to Directors as approved by Shareholders at the AGM held on 18/10/2017.
20/10/17	7,050,000	Expire 31/12/20 at 21c exercise price	- 2,150,000 granted to Company Secretary, employees and consultants as incentives. - 4,900,000 granted to Directors as approved by Shareholders at the AGM held on 18/10/2017.

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

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	6/12/2018
Option exercise price ($)	0.36
Expected life of options (years)	1.07
Dividend yield (%)	-
Expected volatility (%)	101.41
Risk-free interest rate (%)	1.90
Underlying share price ($)	0.25
Value of Option ($)	0.0749
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.

(c) Weighted average fair value

The weighted average fair value of equity-based payment options granted during the year was $0.0749 (2018: $0.0665).

(d) Range of exercise price

The range of exercise price for options granted as share based payments outstanding at the end of the year was $0.21 to $0.36 (2018: $0.19 to $0.21).

(e) Weighted average remaining contractual life

The weighted average remaining contractual life of share based payment options that were outstanding as at the end of the year was 0.81 years (2018: 1.35 years).

(f) Weighted average exercise price

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

	12 Months to 30 June 2019 Number	12 Months to 30 June 2019 WAEP $	12 Months to 30 June 2018 Number	12 Months to 30 June 2018 WAEP $
Outstanding at the beginning of year	16,637,500	0.20	17,150,000	0.24
Granted during the year	15,650,000	0.36	9,587,500	0.19
Granted during the year	-	-	7,050,000	0.21
Exercised during the year	(9,587,500)	0.19	(500,000)	0.19
Lapsed during the year	-	-	(2,400,000)	-
Lapsed during the year	-	-	(5,150,000)	-
Lapsed during the year	-	-	(9,100,000)	-
Outstanding at the end of the year	22,700,000	0.31	16,637,500	0.20
Exercisable at year end	22,700,000	0.31	16,637,500	0.20

The weighted average share price for options exercised during the year was $0.19 (2018: $0.19).

NOTE 4 - INCOME TAX EXPENSE

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

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

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

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

	Year ended 30 June 2019	Year ended 30 June 2018
	$	$
(a) Income Tax Expense		
The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Loss for year	(9,012,511)	(6,921,479)
Prima facie income tax (benefit) @ 30% (2018: 27.5%)	(2,703,753)	(1,903,407)
Tax effect of non-deductible items	354,551	313,773
Net deferred tax assets not brought to account	2,349,202	1,589,634
Income tax attributable to operating loss	-	-
(b) Net deferred tax assets not recognised relate to the following:		
DTA - Tax losses	7,001,724	4,110,677
DTL - Other Timing Differences, net	(112,992)	(206,407)
	6,888,732	3,904,270

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. Members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date, the possibility of default is remote. The head entity of the tax consolidated group is Stavely Minerals Limited.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Stavely Minerals Limited.

(c) Franking Credits

The franking account balance at year end was $nil (2018: $nil).

NOTE 5 - EARNINGS PER SHARE

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

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

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

	Year ended 30 June 2019	Year ended 30 June 2018
	Cents	**Cents**
Basic loss per share	(5.65)	(5.21)
	$	**$**
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	(9,012,511)	(6,921,479)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	159,399,340	132,742,263

For the year ended 30 June 2019, 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 6 - CASH AND CASH EQUIVALENTS

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

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

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash at bank and on hand	2,875,862	6,559,041

(i) Reconciliation of loss for the period to net cash flows used in operating activities

Loss after income tax	(9,012,511)	(6,921,479)
Adjustments to reconcile profit before tax to net operating cash flows:		
Depreciation	67,193	56,577
Gain on disposal of property, plant and equipment	(11,951)	-
Share based payments expensed - options	1,172,406	1,106,742
Exploration drilling – non-cash*	1,602,114	349,004
Exploration other – non-cash **	-	30,000
Change in assets and liabilities:		
(Increase)/decrease in receivables	(133,166)	(178,976)
Increase/(decrease) in payables	(1,064,884)	1,317,458
Increase/(decrease) in provisions	44,270	6,362
Net cash flows used in operating activities	(7,336,529)	(4,234,312)

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

** In July 2017, the Company issued 283,019 shares ($30,000) to New Challenge Resources Pty Ltd as consideration for extension of the Stavely Royalty Agreement.

(ii) Non-Cash Financing and Investing Activities

No non-cash financing and investing activities were undertaken during the year (2018: none).

NOTE 7 – TRADE AND OTHER RECEIVABLES

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

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

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

NOTE 7 – TRADE AND OTHER RECEIVABLES - continued

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

	30 June 2019 $	30 June 2018 $
Current		
GST refundable	372,330	237,218
Bonds – credit card	40,000	40,000
Pre-paid drilling services (refer note 12b)	1,347,550	-
Deposit for Beaconsfield Assets (refer note 14c)	250,000	-
Other	12,847	14,793
Total current receivables	2,022,727	292,011
Non-Current		
Cash on deposit - security bonds	72,500	42,500

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 18.
(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 2019 (2018: none).

Fair Value and Risk Exposures –Deposit for Beaconsfield Assets:

Stavely has terminated the agreement to acquire these assets, and the vendor has subsequently served a writ of summons in relation to the termination. Stavely has requested a return of the $250,000 deposit. For further details, refer to note 14c.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT - continued

	30 June 2019	30 June 2018
	$	$
Motor vehicles- at cost	95,650	95,650
Less: Accumulated depreciation	(67,721)	(47,508)
	27,929	48,142
Plant and equipment - at cost	350,330	278,105
Less: Accumulated depreciation	(220,671)	(197,642)
	129,659	80,463
Total property, plant and equipment	157,588	128,605
Reconciliation of property, plant and equipment:		
Motor Vehicles		
Carrying amount at beginning of year	48,142	21,455
Additions	-	38,286
Depreciation	(20,213)	(11,599)
Carrying amount at end of year	27,929	48,142
Plant and Equipment		
Carrying amount at beginning of year	80,463	30,313
Additions	97,225	95,128
Disposals	(1,049)	-
Depreciation	(46,980)	(44,978)
Carrying amount at end of year	129,659	80,463

NOTE 9 - DEFERRED EXPLORATION EXPENDITURE

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 2019 $	30 June 2018 $
Deferred exploration acquisition costs brought forward	3,006,057	3,006,057
Capitalised acquisition expenditure incurred during the year, net	-	-
Deferred exploration costs carried forward	3,006,057	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 10 - 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 2019	30 June 2018
	$	$
Trade creditors	488,018	755,879
Accruals	179,572	976,594
	667,590	1,732,473

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 11 – 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.

	30 June 2019	30 June 2018
	$	$
Current		
Employee entitlements	108,578	64,308

NOTE 12 – 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 2019 $	30 June 2018 $
(a) Issued Capital		
181,236,479 (2018: 149,868,317) ordinary shares fully paid	31,711,470	24,744,232

(b) Movements in Ordinary Share Capital

121,227,119	Opening balance at 1 July 2017	15,977,562
283,019	Issue of shares – New Challenge Royalty 4 July 2017	30,000
623,845	Issue of shares – Share Subscription Agreement 6 July 2017	63,008
417,520	Issue of shares – Share Subscription Agreement 14 September 2017	61,375
434,066	Issue of shares – Share Subscription Agreement 13 December 2017	82,907
20,000,000	Issue of shares – Placement 8 February 2018	6,800,000
5,888,972	Issue of shares – Share Purchase Plan 23 February 2018	2,002,250
100,000	Issue of shares – Exercise of Unlisted Consultant Options 11 April 2018	19,000
493,776	Issue of shares – Share Subscription Agreement 13 April 2018	141,714
400,000	Issue of shares – Exercise of Unlisted Consultant Options 13 June 2018	76,000
	Costs of equity issues	(509,584)
149,868,317	Closing Balance at 30 June 2018	24,744,232
149,868,317	Opening balance at 1 July 2018	24,744,232
500,000	Issue of shares – Share Subscription Agreement 19 July 2018	140,500
1,290,323	Issue of shares – Share Subscription Agreement 6 September 2018	400,000
3,806,394	Issue of shares – Exercise of Unlisted Employee/Consultant Options 20 October 2018	-
572,271	Issue of shares – Share Subscription Agreement 14 November 2018	154,513
436,681	Issue of shares – Share Subscription Agreement 22 January 2019	100,000
498,874	Issue of shares – Share Subscription Agreement and additional issue for drilling services 22 March 2019	154,651
12,307,767	Issue of shares – Placement 17 April 2019	3,200,019
7,692,308	Issue of shares – Advance payment of drilling services 17 April 2019	2,000,000
4,263,544	Issue of shares – Share Purchase Plan 10 May 2019	1,108,500
	Costs of equity issues	(290,945)
181,236,479	Closing Balance at 30 June 2019	31,711,470

Placement

On 17 April 2019, Stavely issued 12,307,767 shares at 26 cents per share pursuant to a placement to sophisticated and institutional investors. Gross proceeds were $3,200,019.

Pre-payment of Drilling Services

On 17 April 2019, Stavely issued 7,692,308 shares at 26 cents as a prepayment of $2,000,000 for drilling services to be utilised over 12 months to April 2020. As at 30 June 2019, $1.35 million of prepaid drilling services remains to be utilised.

Share Purchase Plan

On 10 May 2019, Stavely issued 4,263,544 shares at 26 cents per share pursuant to a Share Purchase Plan. Gross proceeds were $1,108,500.

NOTE 12 – ISSUED CAPITAL - continued

Share Subscription Agreement

In October 2014, Stavely Minerals entered into a $2 million Share Subscription Agreement with its existing drilling contractor, Titeline Drilling Pty Ltd. Pursuant to this agreement, the drilling contractor agreed to subscribe for up to $2 million of shares, with Stavely Minerals having the option to settle monthly drilling charges by way of cash payment and by way of offset of the price of subscription application for shares.

During the year ended 30 June 2019, 3,026,026 ordinary shares ($865,306) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust. As at 30 June 2019, cumulative subscriptions totalled $2,000,000 (2018: $1,134,694).

On 22 March 2019, 272,123 shares ($84,358) were issued to Titeline Drilling Pty Ltd outside of the Subscription Agreement in payment of the balance of drilling services rendered.

(c) Options on issue at 30 June 2019

	Number	Exercise Price	Expiry Date
Unlisted Options	15,650,000	36 cents	31/12/2019
Unlisted Options	7,050,000	21 cents	31/12/2020
	22,700,000		

During the year:

(i) 15,650,000 unlisted options were granted as share-based payments (2018: 16,637,500);

(ii) No unlisted options expired (2018: 28,650,000); and

(iii) On 25 October 2018, 9,587,500 options were exercised using the cashless exercise mechanism as part of Stavely's Employee Incentive Plan. On exercise of the options, the Company issued 3,806,394 shares. The number of shares was determined by the value calculated between the market price of the shares (based on a VWAP for the 5 trading days prior to the exercise date) of 31.51 cents and the exercise price of 19 cents in relation to the options. (2018: 500,000 unlisted options were exercised at an exercise price of 19 cents).

(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 13 - 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 2019 $	30 June 2018 $
Equity-based payments reserve		
Balance at the beginning of the year	3,295,853	2,189,111
Equity-based payments expense	1,172,406	1,106,742
Balance at the end of the year	4,468,259	3,295,853

Nature and purpose of the reserve: The Equity-based payments reserve is used to recognise the fair value of options granted.

NOTE 14 – 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 2019 $	30 June 2018 $
(a) Operating leases (non-cancellable):		
Within one year	114,312	127,260
More than one year but not later than five years	2,453	96,605
	116,765	223,865

These non-cancellable operating leases are primarily for office premises, 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 2019 $	30 June 2018 $
Tenement Expenditure Commitments: The Group is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2019/2020. 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.	1,108,000	531,200

NOTE 14 – COMMITMENTS AND CONTINGENCIES – continued

(c) Contingencies

Deed of Option and Royalty
The Company is party to a Deed of Option and Royalty relating to the Stavely tenement EL 4556.

Farm-In Agreement – Mathinna Gold Project, Tasmania
Stavely's wholly owned subsidiary, Stavely Tasmania Pty Ltd (Stavely Tasmania) entered into a Farm-in agreement with Bestlevel Holdings Pty Ltd (Bestlevel). The main terms of the Farm-in agreement are:

- Stavely Tasmania is the manager.
- Upon the grant of the tenements, Stavely Tasmania Pty Ltd will have a 51% interest in the tenement(s) and Bestlevel will have a 49% interest.
- In consideration for a $50,000 payment to Bestlevel, Stavely Tasmania has the right to earn an interest of up to 85% in the tenement(s) in the following stages:
    - Exploration-related expenditure of $500,000 within a two-year period to earn an additional interest of 24% (to 75%); and
    - At completion of a Feasibility Study and payment of $200,000 to Bestlevel, Stavely Tasmania may earn an additional 10% interest (to 85%).
- Subject to Stavely Tasmania having earned its 85% interest, a Joint Venture will be formed and subsequent expenditure will be on a 'contribute or dilute' basis.
- Should Bestlevel's interest fall below 5%, it will be transferred to Stavely Tasmania in consideration for a 1.5% net smelter return (NSR).
- Stavely Tasmania retains a right to purchase Bestlevel's NSR for payment of $250,000 per 0.5% NSR to a maximum of $750,000 to acquire the entire NSR.
- Should the Joint Venture announce in a JORC-compliant Public Report an Ore Reserve in excess of 500,000oz, Stavely Tasmania will pay Bestlevel $500,000.
- Both parties have pre-emptive rights over the other's interest.

Beaconsfield Dispute
On 22 March 2019, Stavely announced on ASX that it had entered into an agreement to acquire the Beaconsfield gold processing plant and associated assets (Acquisition Agreement) with BCD Resources NL and associated parties (BCD). A deposit of $250,000 was paid in March 2019. The Acquisition Agreement was subject to various conditions. On 18 June 2019, Stavely terminated the Acquisition Agreement and gave notice to BCD on the basis that BCD had breached several clauses of the Acquisition Agreement.

On 27 June 2019, Stavely announced on ASX that it had been served with a writ of summons in relation to its termination of the Acquisition Agreement with BCD. The writ is seeking an order that Stavely Minerals specifically perform its obligations under the Acquisition Agreement and do all things as may be necessary to ensure the Acquisition Agreement is carried into effect or alternatively damages (of an unspecified amount).

Stavely Minerals strongly believes that the claims made in the writ are without merit and are defending the proceedings. Separately, Stavely Minerals has sought a return of the $250,000 deposit which it paid to BCD Resources NL under the Acquisition Agreement, which it believes it is entitled to.

The Group had no other contingent liabilities at year end (2018: same).

NOTE 15 – RELATED PARTIES

(a) Compensation of Key Management Personnel

	30 June 2019 $	30 June 2018 $
Short-term employment benefits	518,132	345,010
Post-employment benefits	49,046	31,429
Equity-based payment	726,666	734,346
	1,293,844	1,110,785

(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 $131,250 (net of GST) was paid/payable for office rental and variable outgoings (2018: $134,611, net of GST).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of Zamanco Minerals Limited ("Zamanco"). Zamanco sub-leases office space in the premises the Company occupies. During the year an amount of $37,630 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2018: $36,948, net of GST).

(c) Transactions with Other Related Parties

There were no transactions with other related parties (2018: none).

NOTE 16 – AUDITOR'S REMUNERATION

	30 June 2019 $	30 June 2018 $
Amount received or due and receivable by the auditor for:		
Auditing the financial statements, including audit review - current year audits	34,483	34,611
Other services – taxation and corporate advisory	19,375	9,810
Total remuneration of auditors	53,858	44,421

NOTE 17 – SEGMENT INFORMATION

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

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

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

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

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

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its’ assets and liabilities are primarily related to the mining industry and are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

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

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

	30 June 2019	**30 June 2018**
	$	**$**
Financial Assets:		
Cash and cash equivalents - interest bearing	2,797,232	6,559,041
Trade and other receivables – bonds & deposits	331,320	80,000
Net exposure	3,128,552	6,639,041

Sensitivity
At 30 June 2019, if interest rates had increased by 0.5% from the year end variable rates with all other variables held constant, post tax profit and equity for the Group would have been $14,387 higher (2018: changes of 0.5% $32,576 higher). The 0.5% (2018: 0.5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

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

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

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

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

NOTE 19 – PARENT ENTITY INFORMATION

	Company	
	30 June 2019	30 June 2018
	$	$
Statement of Financial Position Information		
Current assets	4,877,227	6,821,894
Non-current assets	3,179,719	3,150,733
Current liabilities	(775,035)	(1,773,327)
Net Assets	7,281,911	8,199,300
Issued capital	31,711,470	24,744,232
Reserves	4,468,259	3,295,853
Accumulated losses	(28,897,818)	(19,840,785)
	7,281,911	8,199,300
Profit or loss information		
Loss for the year	(9,057,033)	(6,922,516)
Comprehensive loss for the year	(9,057,033)	(6,922,516)

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 2019**	**30 June 2018**
Name of Controlled Entity	**Class of Share**	**Place of Incorporation**	**% Held by Parent Entity**	
Ukalunda Pty Ltd	Ordinary	Australia	100%	100%
Stavely Tasmania Holdings Pty Ltd	Ordinary	Australia	100%	-
Stavely Tasmania Operations Pty Ltd	Ordinary	Australia	100%	-
Stavely Tasmania Pty Ltd	Ordinary	Australia	100%	-

NOTE 20 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no matters or circumstances that have arisen since 30 June 2019 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 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 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 2019 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our 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.

Accounting for Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 9 to the financial report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (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.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 9 to the Financial Statements.

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 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

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:

http://www.auasb.gov.au/auditors_responsibilities/ar1.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 25 to 30 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Stavely Minerals Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

JPrue

Jarrad Prue

Director

Perth, 3 September 2019

Information as at 30 August 2019

a) Substantial Shareholders

Name	Number of Ordinary Shares per Notice given to Stavely Minerals Limited
Peter Reynold Ironside	30,672,526
Christopher John Cairns	15,672,961
Greenstone Property Pty Ltd and Associates	20,870,974

b) Shareholder Distribution Schedule

Size of Holding	Number of Shareholders
1 - 1,000	79
1,001 - 5,000	252
5,001 - 10,000	218
10,001 - 100,000	629
100,001 and over	195
Total	1,373
Number of shareholders holding less than a marketable parcel	162

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.

d) Twenty largest shareholders:

	Name	Number of Ordinary Shares	% of Issued Capital
1	Chaka Investments Pty Ltd	19,580,000	10.68
2	Greenstone Property Pty Ltd <Titeline Property A/C>	13,118,457	7.16
3	Citicorp Nominees Pty Limited	10,934,420	5.97
4	Goldwork Asset Pty Ltd <The Cairns Family A/C>	10,147,531	5.54
5	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	8,076,450	4.41
6	Ironside Pty Ltd <Ironside Super Fund A/C>	5,715,361	3.12
7	Ironside Pty Ltd <Ironside Family A/C>	5,520,717	3.01
8	Goldwork Asset Pty Ltd <Cairns Family S/F A/C>	5,238,387	2.86
9	Greenstone Property Pty Ltd <Titeline Property A/C>	4,804,221	2.62
10	Mrs Jennifer Elaine Murphy	4,656,886	2.54
11	Michelle Maria Skinner	2,856,696	1.56
12	Mr Harle John Mossman	2,295,849	1.25
13	National Nominees Limited	2,240,016	1.22
14	Ilwella Pty Ltd	2,153,846	1.18
15	Ms Savannah Sydney Jackson	2,105,006	1.15
16	Ms Julie Ann Cairns	1,910,521	1.04
17	Mr Daniel Robert Kertcher + Ms Julie Ann Cairns <Kertcher Super Fund A/C>	1,397,292	0.76
18	Ms Xiaodan Wu	1,332,243	0.73
19	DK & SJ Pty Ltd <The DK & SK Investment A/C>	1,280,353	0.70
20	JC Holdings Pty Ltd	1,250,000	0.68
		106,614,252	**58.18**
	Shares on issue at 30 August 2019	**183,254,180**	

e) Unlisted Options

Name	**31/12/2019 36 cents**
Directors:	
C Cairns	3,000,000
J Murphy	2,200,000
P Ironside	1,500,000
A Sparks	1,500,000
Others:	
D Plyley	1,500,000
H Forgan	1,000,000
M Skinner	1,000,000
M Agnew	750,000
S Johnson	750,000
Q Te Tai	700,000
M Cairns	500,000
B Nijhof	500,000
S Day	250,000
J Keable	250,000
J Shelton	250,000
	15,650,000

Tenement Portfolio - Victoria

Area Name	**Tenement**	**Grant Date/ (Application Date)**	**Size (Km^2)**
Mt Ararat	EL 3019	21 December 1989	23
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Black Range JV	EL 5425	18 December 2012	201
Yarram Park	EL 5478	26 July 2013	53
Ararat	EL 5486	10 July 2014	1
Stavely	EL 6870	(30 October 2018)	1,027
Ararat	EL 6271	21 July 2016	4
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139

Tenement Portfolio - Queensland

Area Name	**Tenement**	**Grant Date/ (Application Date)**	**Size (Km^2)**
Ravenswood West	EPM26041	24 May 2016	145
Ravenswood North	EPM26152	15 September 2016	55
Dreghorn	EPM26303	23 March 2017	158
Kirk North	EPM26304	23 March 2017	94

Tenement Portfolio - Tasmania

Area Name	**Tenement**	**Grant Date/ (Application Date)**	**Size (Km^2)**
Mathinna	EL19/2018	22 July 2019	1
Mathinna	EL4/2019	(22 March 2019)	68
Mathinna	EL6/2019	(15 July 2019)	40

STAVELY MINERALS LIMITED

ABN 33 119 826 907

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