



# HALF-YEAR REPORT

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

### Highlights

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

- A technical review led by Dr Steve Garwin concludes that mineralisation at the Cayley Lode is transitioning from 'high-sulphidation' to 'intermediate sulphidation' high-grade copper and gold in the south-east.
- Changes in the mineral associations, including hematite - specularite and magnetite with chalcopyrite dominant over pyrite abundance - with the deeper intercepts indicating hotter (~400°C) temperatures of formation and likely proximity to a mineralised copper-gold porphyry.
- Further drilling will determine if parity of gold grades in g/t to copper grades in % continues at depth. The deepest Cayley Lode intercept in drill hole SMD182 returned:
  - 10.4m at 4.34% Cu and 3.17g/t Au and 11g/t Ag from 421m drill depth, including
    - 4.9m at 6.74% Cu, 6.45g/t Au and 19g/t Ag from 426m drill depth
- Subsequent to the half-year, drilling of an initial panel of 4 x 800m diamond drill holes commenced. The target is based on the new interpretation of the location of a causative porphyry to the high-grade copper-gold Cayley Lode mineralisation.

#### Regional Exploration (Stavelly and Yarram Park Projects, western Victoria)

- Extensive REE anomalism of up to 0.24% TREO+Y identified at the Narrapumelap Prospect by wide-spaced (400m x 400m) soil auger testing south of the Lexington Prospect.
- 12 of 19 identified regional targets have been assessed following a review of previous reconnaissance exploration results from the 2021-22 field season, with follow-up exploration programmes now prioritised.
- Many of these are 'blind' targets under shallow basalt or younger transported cover which have never previously been tested.
- One of the regional targets, the Toora Road Prospect, is ready for diamond drill testing. Results by previous explorers include:
  - 15m at 1.28g/t Au, 11g/t Ag, 0.26% Cu, 0.94% Pb and 0.1% Zn from 12m drill depth in drill-hole WL030.
- The results from hole WL030 can be interpreted in the context of Stavelly's experience at the Cayley Lode as a distal base-metal/precious metal intercept located to the north of a clear gravity low that may reflect intense hydrothermal alteration.
- Other regional targets demonstrating alteration, sulphide (mainly pyrite) mineralisation, quartz veining and geochemical anomalism will require air-core follow-up to the first-pass 400m spacing prior to testing with diamond drilling.

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**ASX Code: SVY**  
Shares on issue: 326M  
Market capitalisation: \$78.3  
Cash: \$6.2M (31 Dec 2022)  
ABN 33 119 826 907

**Directors**  
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Jennifer Murphy  
Peter Ironside  
Robert Dennis  
Amanda Sparks

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**Carroll's VMS (Ararat Projects, western Victoria)**

- A review of the data and drill core from the Carroll's VMS in the Ararat Project was completed by Dr Bruce Gemmell. Dr Gemmell concluded there is significant scope for extension of known lenses and for identification of additional parallel lenses of sulphide mineralisation.

**Major Achievements**

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- Strong demand attracted \$5.3 million from Stavely Minerals Share Purchase Plan ('SPP'), which closed on 29 July 2022. This was more than 250% above the targeted SPP amount of \$1.5 million.
- Following a technical review led by Dr Steve Garwin, the Company to drill test Cayley Lode depth extensions following new interpretation showing high-grade copper and gold mineralisation transitioning towards a porphyry.
- Titeline Drilling agreed to accept  $\frac{1}{3}$  of the estimated cost of the diamond drilling program in Stavely Shares.
- Exciting new Narrapumelap soil auger Rare Earth Element (REE) anomaly, with a highest result of 0.24% TREO+Y, identified on the Black Range JV tenement.
- Subsequent to the half-year, a five- year extension of term was granted for the Black Range JV tenement – EL5425.

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**Directors**

Christopher Cairns (Executive Chair)  
Jennifer Murphy (Technical Director)  
Peter Ironside (Non-Executive Director)  
Robert Dennis (Non-Executive Director)  
Amanda Sparks (Non-Executive Director)

**Company Secretary**

Amanda Sparks

**Chief Operating Officer**

Mark Mantle

**Registered and Principal Office**

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**ABN**

33 119 826 907

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Your Directors submit their interim financial report on the consolidated entity consisting of Stavely Minerals Limited ("Stavely") and the entities it controls at the end of the half-year ended 31 December 2022.

## DIRECTORS

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

Christopher Cairns  
Jennifer Murphy  
Peter Ironside  
Amanda Sparks  
Robert Dennis

## PRINCIPAL ACTIVITY

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

## REVIEW AND RESULTS OF OPERATIONS

### SUMMARY OF FINANCIAL PERFORMANCE

Cash and cash equivalents held at half-year end was \$6,189,632 (30 June 2022: \$922,218)

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

	Six Months Ended 31 December 2022	Six Months Ended 31 December 2021
	\$	\$
Net profit/(loss) for the half-year after tax	(2,435,750)	(6,440,169)
Basic profit/(loss) per share (cents)	(0.77)	(2.47)
Net cash from/(used in) operating activities	(2,763,936)	(4,682,030)
Net cash from/(used in) investing activities	(2,497,250)	(171,395)
Net cash from/(used in) financing activities	10,528,600	(47,721)

During the half-year, significant items were:

- Expenditure on exploration totalled \$1,366,862 (2021 half-year: \$4,202,016);
- Financing costs of \$132,602 (2021 half-year \$4,936); and
- Share based payments expense for equity-based payments granted of \$204,545 (2021 half-year: \$802,995).

#### Placement

26,666,667 shares were issued on 12 July 2022, pursuant to a placement to sophisticated and institutional investors. Gross proceeds were \$4,000,000.

#### Share Purchase Plan

35,326,537 shares were issued on 5 August 2022, pursuant to a Share Purchase Plan (SPP). Gross proceeds raised under the SPP were \$5,298,980.

#### *Property Purchase and Loan Funds*

On 15 August 2022, the Company settled on the property purchase of for a 524-acre farm, residence and an additional residential block adjacent to the Thursday's Gossan prospect, part of its 100%-owned Stavely Copper-Gold Project in western Victoria.

\$1.6 million of loan funding was used towards the acquisition of the land. The funding was provided by two parties to Stavely's wholly owned subsidiary, Stavely Pastoral Pty Ltd, as follows:

Under a loan agreement with Legal Mortgage Holdings Pty Ltd (LMH), LMH advanced \$1 million on the following terms:

- Interest payable at 10% pa, payable quarterly in advance
- Term of 24 months with a minimum term of 12 months
- Secured via a 1<sup>st</sup> mortgage on the land with a guarantee provided by Stavely Minerals Limited

Under a loan agreement with Anthony Cairns, an unrelated party, Anthony Cairns advanced \$0.6 million on the following terms:

- Interest payable at 10% pa, payable quarterly in advance
- Term of 24 months with a minimum interest term of 12 months
- Unsecured, with a guarantee provided by Stavely Minerals Limited

### **SUMMARY OF OPERATIONS**

The locations of the Company's Projects are presented in Figure 1.

With the completion of the Mineral Resource drilling to delineate the high-grade, near-surface copper-gold-silver mineralisation at the Cayley Lode in April 2022, operations at site were scaled back and only an essential core of geologists and field technicians were retained to continue with the exploration programs.

With the current team we have at site we have achieved gender parity, with two thirds of the employees living in local communities.

During the half-year, following the review of the Thursday's Gossan/ Cayley Lode data and drill core and subsequent interpretation by highly respected exploration consultant Dr Steve Garwin, diamond drilling has been planned to test the depth extents of the Cayley Lode mineralisation and for the possible causative porphyry.

Dr Garwin's insights have assisted the site team to recognise a systematic zonation of sulphides in the high-grade copper-gold mineralised structures which has provided us with a new exploration target – pursuing Cayley Lode at depth to the south-east.

This south-eastern plunge already represented a compelling near-resource exploration target given the increasing width, grade and tenor of the mineralisation in the last few deeper drill-holes. It has also now been recognised that the mineral assemblage in these last few, and so far deepest, drill-holes into the Cayley Lode during the resource drill-out show an increase in temperature of mineral formation which, if it continues, should lead to the causative porphyry.

A fence of 4 wide-spaced diamond drill- holes have been planned to further 'walk the mineralisation down' below the base of existing drilling at approximately 380m below surface and test for the continuation of the Cayley Lode down to approximately 700m below surface. It is anticipated that the mineralisation will transition further into porphyry-style copper-gold mineralisation.

During the half-year, exploration efforts also focussed on the spatial assessment, field checking, target ranking and planning of follow-up work of the results received from the first round of reconnaissance regional exploration conducted during the 2021 – 2022 field season.

Stavely geologists initially identified and prioritised 19 regional targets for follow-up reconnaissance exploration. While the known prospects in the Stavely Volcanic Belt are partially exposed in a small window of sub-crop extending over ~20km of strike, the vast majority (~95km) of the prospective volcanic belt segments are hidden under younger cover. While some of these targets have been known for some time, most of the regional targets have had very little, if any previous exploration.

The regional targeting methodology has successfully identified 'blind' targets under basalt and transported cover with a success rate of around 80% of drill holes intersecting quartz veining / alteration / sulphides to date.

A total of 9 prospects have been selected for aircore drill testing during the 2022–2023 field season. The majority of these targets are in the vicinity of Thursdays Gossan. In addition, in-fill and extensional auger soil sampling has been planned.

Unfortunately due to the on-going wet ground conditions and the late harvest in western Victoria as a result of the La Niña weather pattern, which contributed to above- average rainfall, all on-ground exploration scheduled for the December 2022 quarter was postponed to the March 2023 quarter.

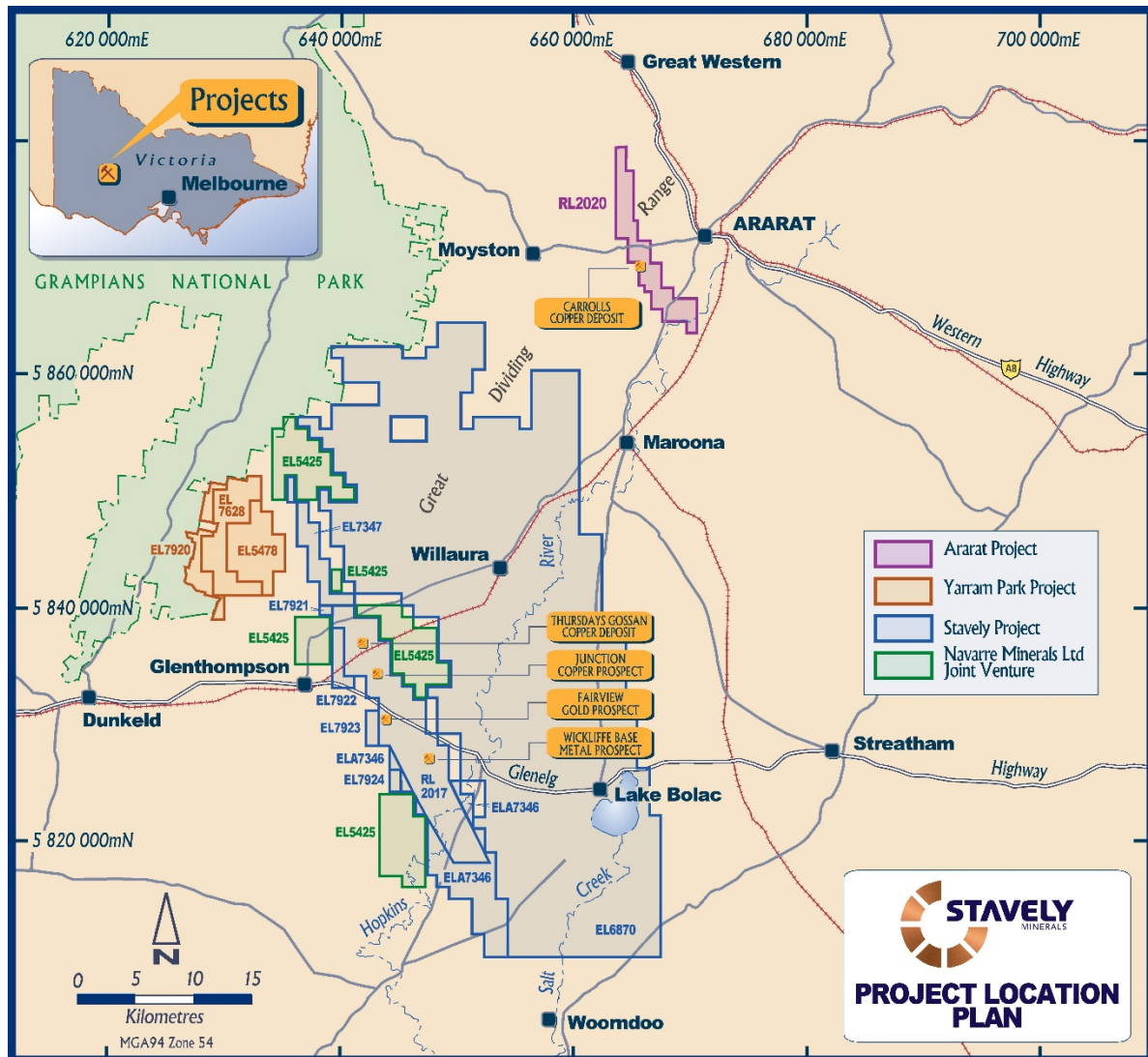


Figure 1. Western Victoria Project location plan.

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## ARARAT PROJECT (RL2020)

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

During the half-year a detailed project review of the Carroll's VMS deposit was conducted by external consultant, Dr Bruce Gemmill. Dr Gemmill undertook a desktop study to review the geology, geochemistry, and exploration potential of the Carroll's VMS deposit and district. Dr Gemmill also conducted a site visit to inspect the core and undertook a field trip to the deposit and surrounding area.

Based on the geologic/ geochemical characteristics of the Carroll's deposit, Dr Gemmill agreed with defining the mineralisation as a Besshi (or mafic-pelitic) VMS deposit. Dr Gemmill concluded that the Carroll's deposit fits into the lens/ blanket style VHMS deposit formed predominantly via sub-seafloor replacement.

Dr Gemmill recommended further exploration as there may be more lenses at depth and across the favourable host rock package.

## STAVELY PROJECT (RL2017)

### Thursday's Gossan Prospect

During the half-year, consulting geologist Dr. Steve Garwin presented the findings of his review of the Cayley Lode and the Stavely Project. Dr. Garwin has more than 34 years of experience and is a leading authority on porphyry, epithermal and Carlin-style mineralisation. Dr Garwin has been involved in several major exploration and mining projects, including the Batu Hijau porphyry Cu-Au mine in Indonesia, the gold mines of the Carlin and Battle Mountain Trends in Nevada, the Cortadera porphyry deposit cluster in northern Chile and the recently discovered world-class Alpala porphyry Cu-Au-Ag deposit in Ecuador.

Dr. Garwin reviewed the geochemical and geophysical datasets and in September 2022 conducted a site visit to inspect the drill core.

Following the recent review of data and drill core by Dr Garwin, in conjunction with site-based personnel, a significant new porphyry target has been established immediately south east of the Cayley Lode deposit.

The review has identified that the mineralisation is transitioning in character from a distal ~250°C to 300°C high-sulphidation assemblage with characteristic copper sulphide minerals enargite and covellite, to a hotter ~400°C to 450°C intermediate-sulphidation assemblage with chalcopyrite-hematite-specularite and magnetite.

While the sulphide assemblage of mineralisation at the Cayley Lode has previously been noted as zoned spatially and temporally, the intermediate-sulphidation assemblage demonstrated by drill holes SMD173 and SMD182 (the last and deepest drill-holes on the Cayley Lode) are interpreted as reflecting temperatures of deposition / thermal stability that would be considered proximal to the causative porphyry long targeted by Stavely.

Of significance, the transition to an intermediate-sulphidation assemblage is also apparently associated with a significant increase in the relative gold grade where gold grades in g/t are approaching equivalence to copper grades in %. For example, SMD182 had an upper intercept<sup>1</sup> of:

- 10.4m at 4.34% Cu and 3.17g/t Au and 11g/t Ag from 421m drill depth, including
  - 4.9m at 6.74% Cu, 6.45g/t Au and 19g/t Ag from 426m drill depth

A range of mineral and element ratios (Cu/Zn, chalcopyrite/pyrite, Cu/S, Ag/Pb and K/Na) assessed by Dr Garwin all "vector towards to a copper-gold-silver rich core in the south-eastern part of the [Cayley] Lode with potential to host a porphyry cupola [the top of a porphyry] near holes SMD159, 160-163, 173 and 182." Dr Garwin's presentation to the Stavely Board is available at [www.stavely.com.au](http://www.stavely.com.au) under the Technical Data tab.

<sup>1</sup> See ASX announcement 27/04/2022

By extending drilling into the hotter portions of the hydrothermal mineralising system, it is intended to progressively drill towards the causative porphyry intrusion at depth with the objective of discovering a well-mineralised copper-gold porphyry deposit.

Stavelly Minerals is planning to drill a wide-spaced (150m-spaced pierce point) panel of six diamond drill-holes (starting with a fence of 4 holes initially) to extend the Cayley Lode down-plunge with the objective of confirming the further transition of high-grade copper-gold mineralisation to that hosted by the causative porphyry.

### Discussion

The schematic cross-section in Figure 2 is used to illustrate the positions of drill intercepts with distinct variations in mineral and sulphide assemblage that will be described below, progressing from the earliest drilled to the last drilled hole to date – SMD182.

It should be noted that, while the respective drill intercepts are hosted on three different structures – the ultramafic contact fault (UCF, host to the Cayley Lode), the copper lode splay (CLS) and the north-south structure (NSS) – it is the mineral assemblage of each that is demonstrating thermal progression from a distal to a porphyry-proximal setting. It is possible that the system is driven by more than one porphyry phase and that there is temporal overprinting of mineralisation phases.

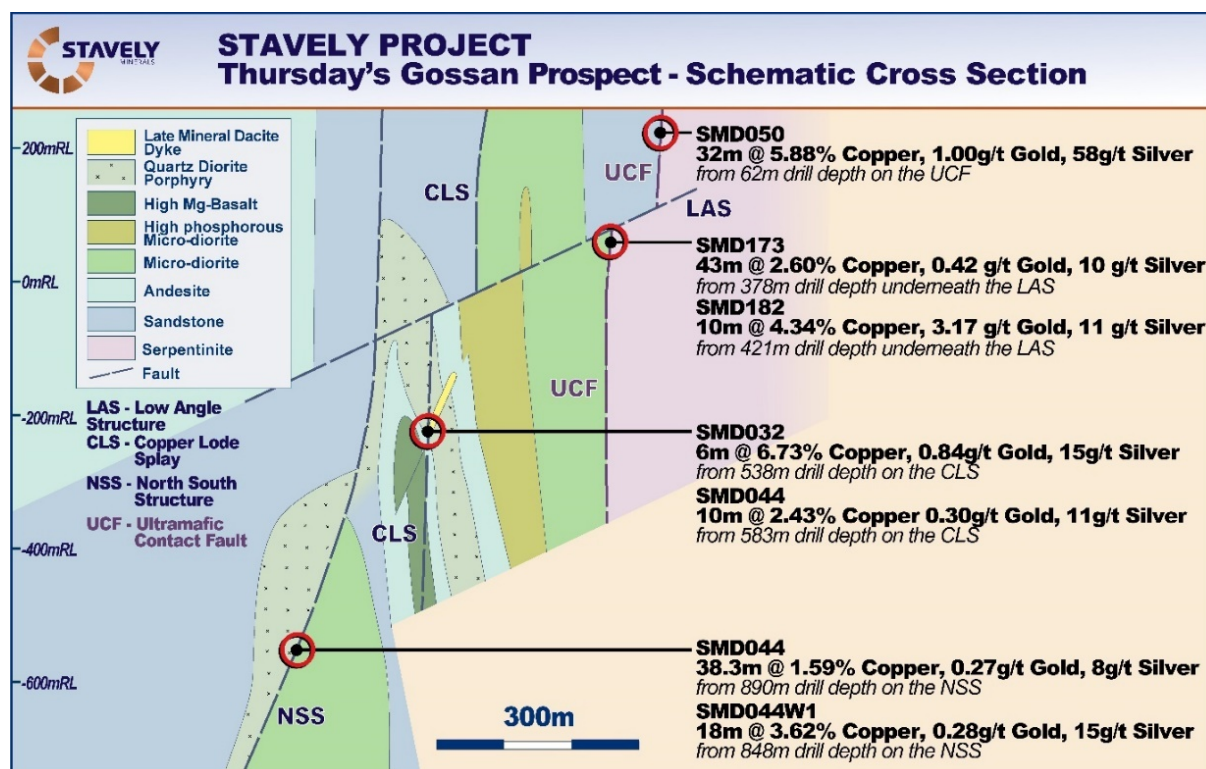


Figure 2. Distribution of selected drill intercepts on three structures, the ultramafic contact fault (UCF) – host structure to the Cayley Lode – the copper lode splay (CLS) and the north-south structure (NSS).

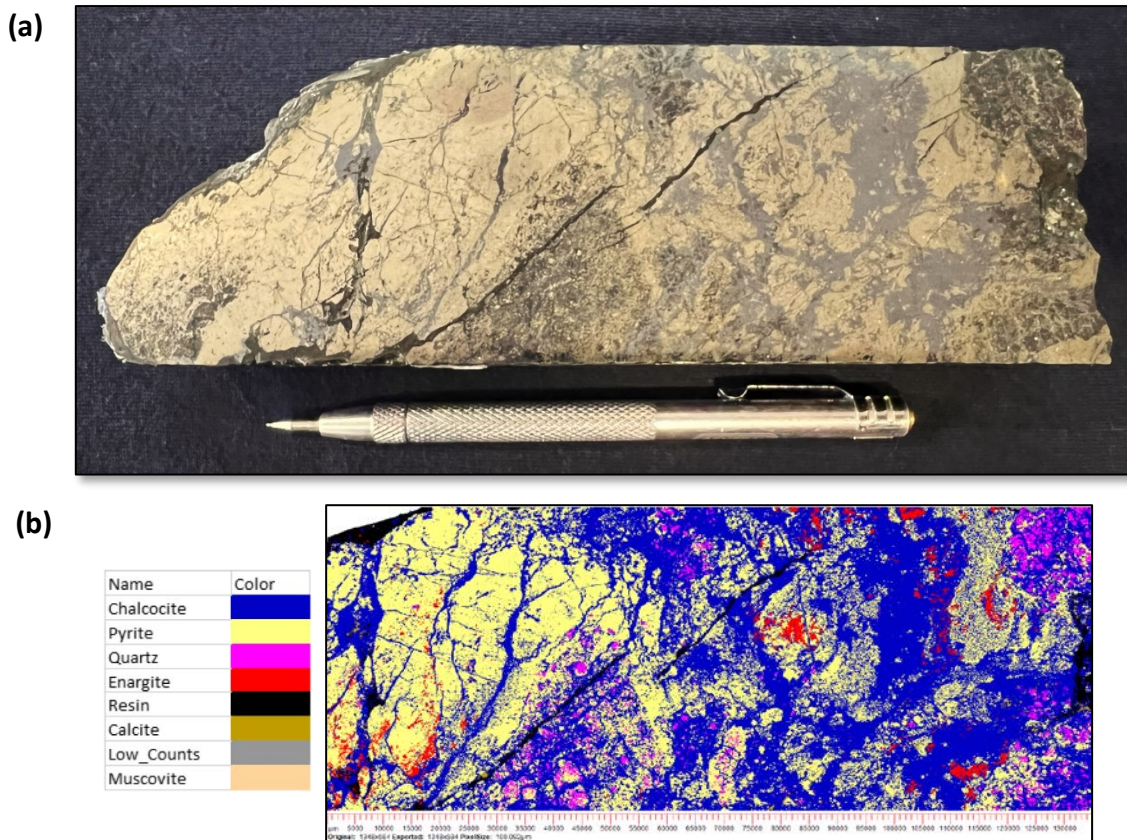
### SMD032, 542.5m drill depth

SMD032 intercepted 6m at 6.73% Cu, 0.84g/t Au and 15g/t Ag from 538m drill depth (see ASX announcement 19/01/2019).

Photo 1 (a) and (b) shows a cut face of drill core in (a) and a  $\mu$ XRF image of the sulphide species in the sample (b). This sample clearly demonstrates that the earliest sulphide was massive pyrite which was then veined, brecciated and infilled by abundant chalcocite and later enargite. Enargite is a characteristic high sulphidation copper-arsenic sulphide. It can be inferred that the enargite formed in cooler conditions. This can occur either at some distance away from the porphyry source, or as a late overprint as the entire system cools.



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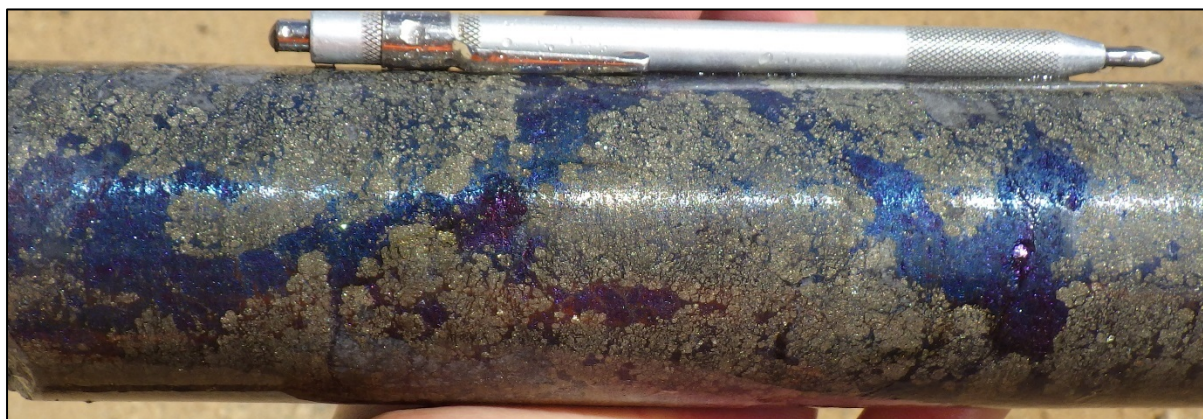


**Photo 1. (a) a cut face of HQ3 diameter drill core from 542.5m drill depth in SMD032; and (b) a μXRF image of the sulphide species in the same sample. Note the copper-arsenic sulphide mineral enargite in red.**

**SMD044W1 – 859.0m drill depth**

SMD044W1 was a wedge ‘daughter’ drill hole drilled to get a second intercept on the north-south structure at a depth of approximately 850m drill depth. SMD044W1 intercepted 18m at 3.62% Cu, 0.28g/t Au and 15g/t Ag from 848m drill depth (see ASX announcement 23/04/2019).

The intercept demonstrated spectacular textures, again showing an early massive- to semi-massive pyrite phase, then brecciated and infilled by high-tenor copper sulphides bornite (purple), chalcocite (gun metal grey) and covellite (bright blue) with minor digenite, enargite and colusite also noted in petrology (Photo 2). Covellite, digenite, enargite and colusite are classic high sulphidation copper sulphides. Colusite is a copper-vanadium-arsenic sulphide with a type-locality / first identified from the Colusa Claim at Butte, Montana.



**Photo 2. Brecciated pyrite vein with bornite-covellite-chalcocite-digenite in-fill at 859.0m in SMD044W1, HQ3 diameter drill core – colusite (Cu<sub>13</sub>VAs<sub>3</sub>S<sub>16</sub>), digenite and enargite noted in petrology.**



**SMD050 – 85.3m drill depth**

SMD050 intercepted 32m at 5.88% Cu, 1.00g/t Au and 58g/t Ag from 62m drill depth (see ASX announcement 26/09/2019).

The intercept in SMD050 was dominated by early massive- to semi-massive pyrite (as previously described in SMD032 and SMD044W1 above) which was subsequently fractured, brecciated and infilled by abundant high-tenor copper sulphides bornite and hypogene chalcocite (Photo 3).



**Photo 3. An uncut face of HQ3 diameter drill core from 85.3m drill depth in SMD050. Note the dominant copper sulphides being bornite (purple) and chalcocite (gun metal grey).**

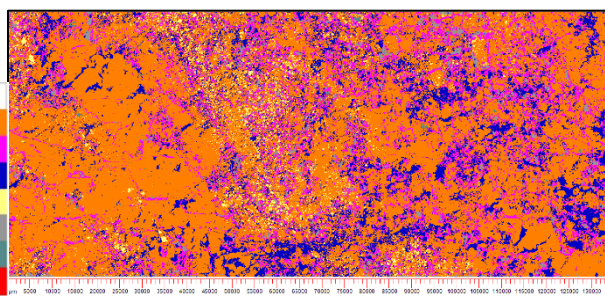
Photo 4 shows (a) a photo of a piece of cut half-core from 85.3m drill depth and, (b) a  $\mu$ XRF image mapping out the sulphide species in the cut face. This sample came from a sub-interval that returned 2m at 40% Cu, 3.00g/t Au and 517g/t Ag.

(a)



(b)

Name	Color
Bornite	Orange
Quartz	Pink
Chalcocite	Blue
Pyrite	Yellow
Low_Counts	Grey
Chromite	Teal
Ni-bearing sulphide	Red



**Photo 4. (a) a cut face of HQ3 diameter drill core from 85.3m drill depth in SMD050; and (b) a  $\mu$ XRF image of the sulphide species in the same sample. Note the dominant copper sulphides being bornite and chalcocite.**

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### SMD173 – 390.6m drill depth

SMD173 was one of the last diamond drill holes completed during the Mineral Resource drill-out. SMD 173 was designed to confirm that mineralisation did continue at depth below the Low Angle Structure.

SMD173 intercepted 43m at 2.60% Cu, 0.42g/t Au and 10g/t Ag from 378m drill depth (see ASX announcement 08/03/2022). Of significance is that the character of the mineralisation in SMD173 had changed relative to intercepts from previous drill holes.

The early massive- to semi-massive pyrite phase was less evident and the interval was more dominantly characterised by jigsaw breccia to stockwork veins of quartz-chalcopyrite-hematite-specularite-magnetite (Photo 5). There is very little pyrite in this interval.



**Photo 5. Chalcopyrite-quartz-hematite fill jigsaw breccia in chlorite-silica altered microdiorite - SMD173, 390.6m drill depth, HQ diameter uncut drill core. Note the dominance of chalcopyrite and hematite and the almost total lack of pyrite as distinct from the previous samples in SMD032, SMD044W1 and SMD050.**

### SMD182 – 423.5m drill depth

SMD182 was the last drill hole completed in the Mineral Resource drill-out. The objective of this drill-hole was to further test the down-plunge extent of the Cayley Lode beyond SMD173.

SMD182 intersected 10.4m at 4.34% Cu, 3.17g/t Au and 11g/t Ag from 421m drill depth, including 4.9m at 6.74% Cu, 6.45g/t Au and 19g/t Ag (see ASX announcement 27/04/2022).



**Photo 6. Chalcopyrite-specularite-hematite-magnetite mineralisation - SMD182, 423.5m drill depth, HQ3 diameter ½ cut drill core.**

Two important observations from SMD182 are; 1) the clear association of hematite-specularite-magnetite-chalcopyrite with very little pyrite (Photo 6), and 2) the near parity of gold grade in g/t to the copper grade in %. While the mineral association will be discussed in the next section, the potential economic significance of an increase in gold grades with high-grade copper in this intercept cannot be overstated. As mentioned in the



original announcement, more drilling is required to confirm this increase in relative gold grade but it is not unexpected given the change in the character of the mineralisation.

### Regional Exploration

During the 2021-22 field season, Stavelly Minerals conducted a regional exploration program including 400m x 400m spaced soil auger sampling in areas of sub-crop, while areas with younger basalt cover (to 70m depth) and transported Tertiary cover (Figure 3) were tested by vertical aircore drill holes. A total of 12 of 19 identified 'blind' prospects were tested (Figure 4). The 19 regional targets were identified by interpretation of regional aeromagnetic, gravity gradiometer and historic exploration data.

Stavelly Minerals applies a model for interpreting the alteration, sulphides noted and geochemical signature within a framework developed by the Mineral Deposit Research Unit at the University of British Columbia for the multi-element geochemical zonations above and proximal to porphyry copper-gold deposits (Figure 5).

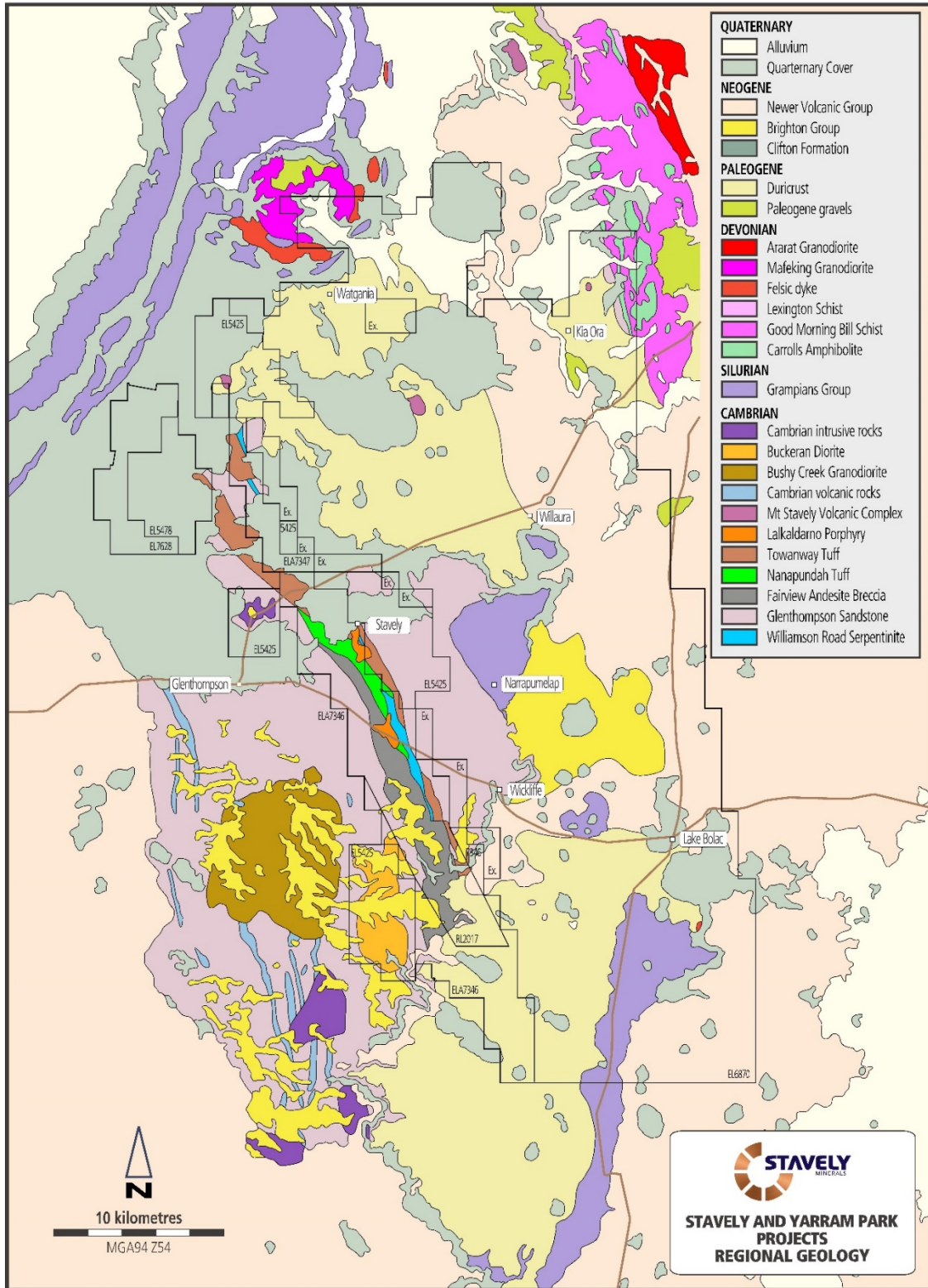
This guide allows interpretation of alteration noted in aircore drill chips and geochemical pathfinder elements to determine where in the vertical column of a hydrothermal porphyry system the results are reflected. High-level alteration/geochemical signatures may be prospective for structurally-controlled high-sulphidation or Lode-style copper-gold but may be too far vertically above porphyry-style mineralisation.

Likewise, strong molybdenum and copper geochemistry, in conjunction with inner-propylitic or outer-potassic alteration, would demonstrate the potential for proximal porphyry copper-gold style mineralisation.

Of the targets tested with aircore drilling, ~80% of targets demonstrated hydrothermal alteration  $\pm$  sulphides  $\pm$  quartz veining.

Stavelly Minerals is very encouraged by the effectiveness of the targeting criteria, with significant results returned from a number of targets that require follow-up work, as outlined below.

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**Figure 3. Stavelly Project location map showing areas of sub-crop and extensive areas of younger basalt and transported cover.**



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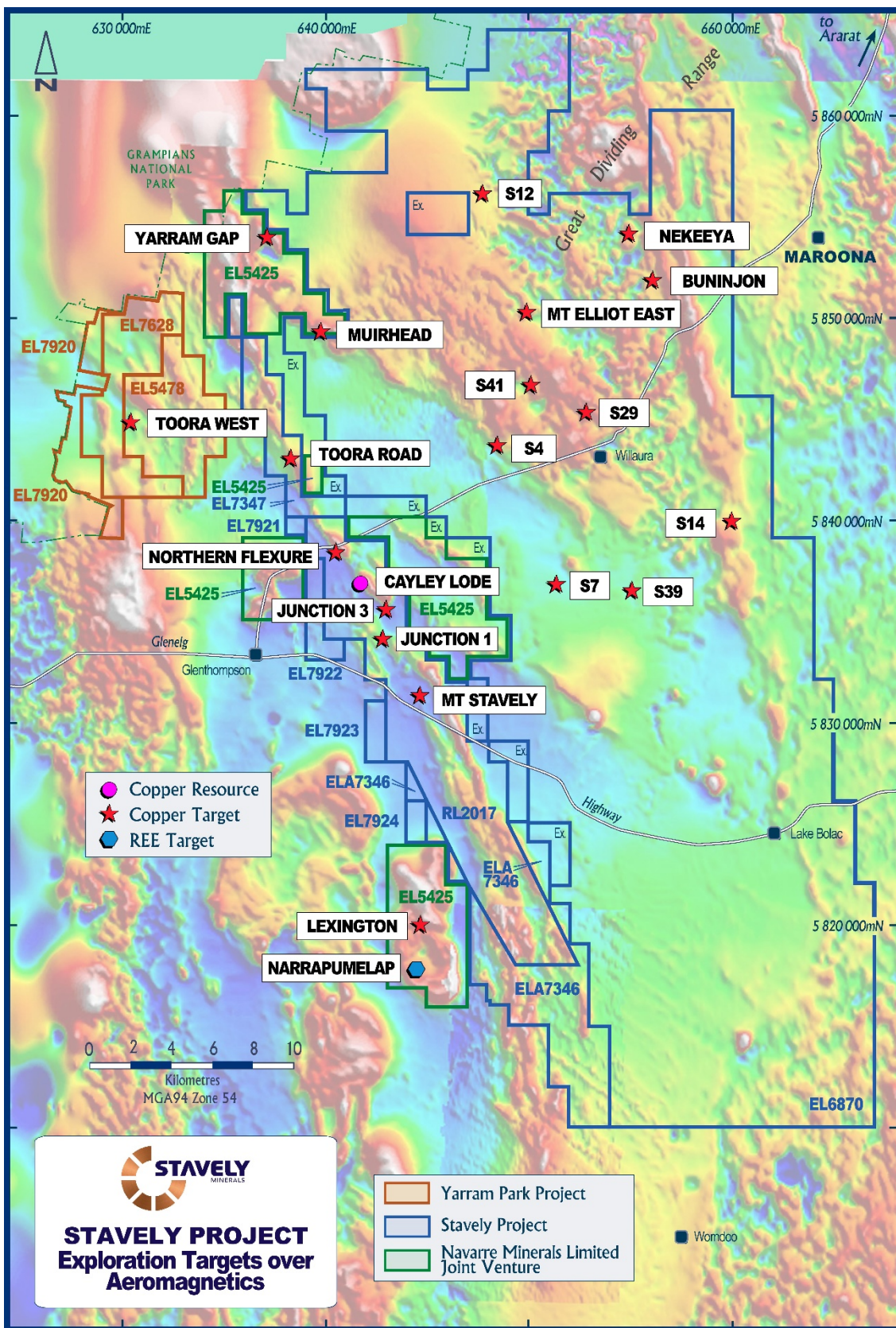
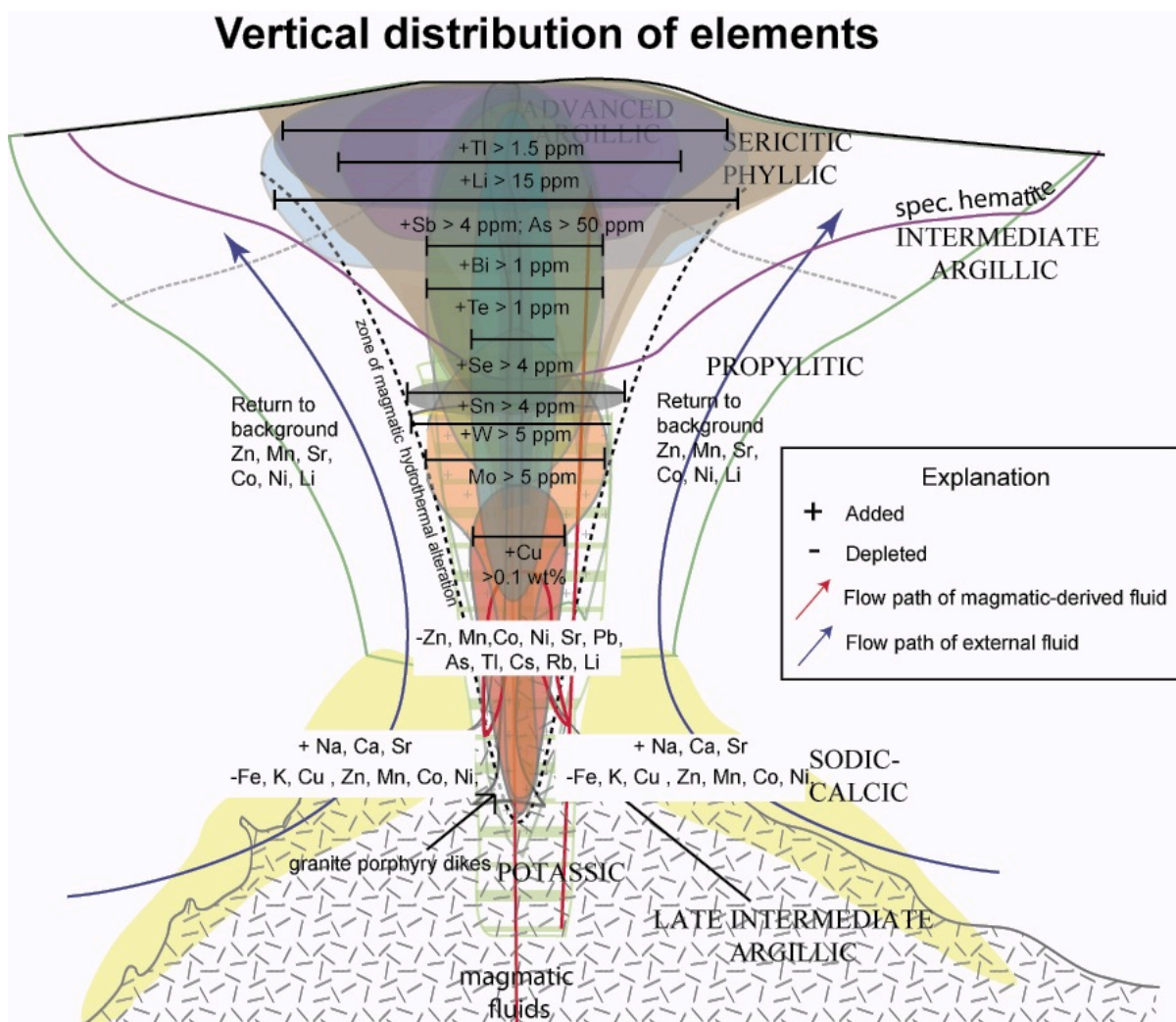


Figure 4. Regional prospect location plan.



**Figure 5. A summary diagram of the Mineral Deposit Research Unit – University of British Columbia generalised model of geochemical and alteration zonation around a porphyry copper-gold deposit (after Cohen, 2011 and Halley et al., 2015). The column of alteration and geochemical zonation depicted may be in the order of a 5km vertical extent.**

**Toora Road**

The Toora Road target is within recently granted EL7347. Air-core drill results from previous explorers include:

- o 15m at 1.28g/t Au, 11g/t Ag, 0.26% Cu, 0.94% Pb and 0.1% Zn from 12m drill depth to end-of-hole in drill-hole WL030.

The results from hole WL030 can be interpreted in the context of experience at the Cayley Lode as a distal base-metal/precious metal intercept. The anomaly is located on a magnetic high along a trend of highs that extend north-west from the Cayley Lode and the Northern Flexure Prospect (Figure 6).

The magnetic highs at the Cayley Lode and the Northern Flexure Prospect are caused by serpentinised ultramafic with abundant magnetite. Additionally, the Toora Road drill intercept is located to the north of a distinct circular gravity low that may reflect a buried intrusion/intense hydrothermal alteration (Figure 7).

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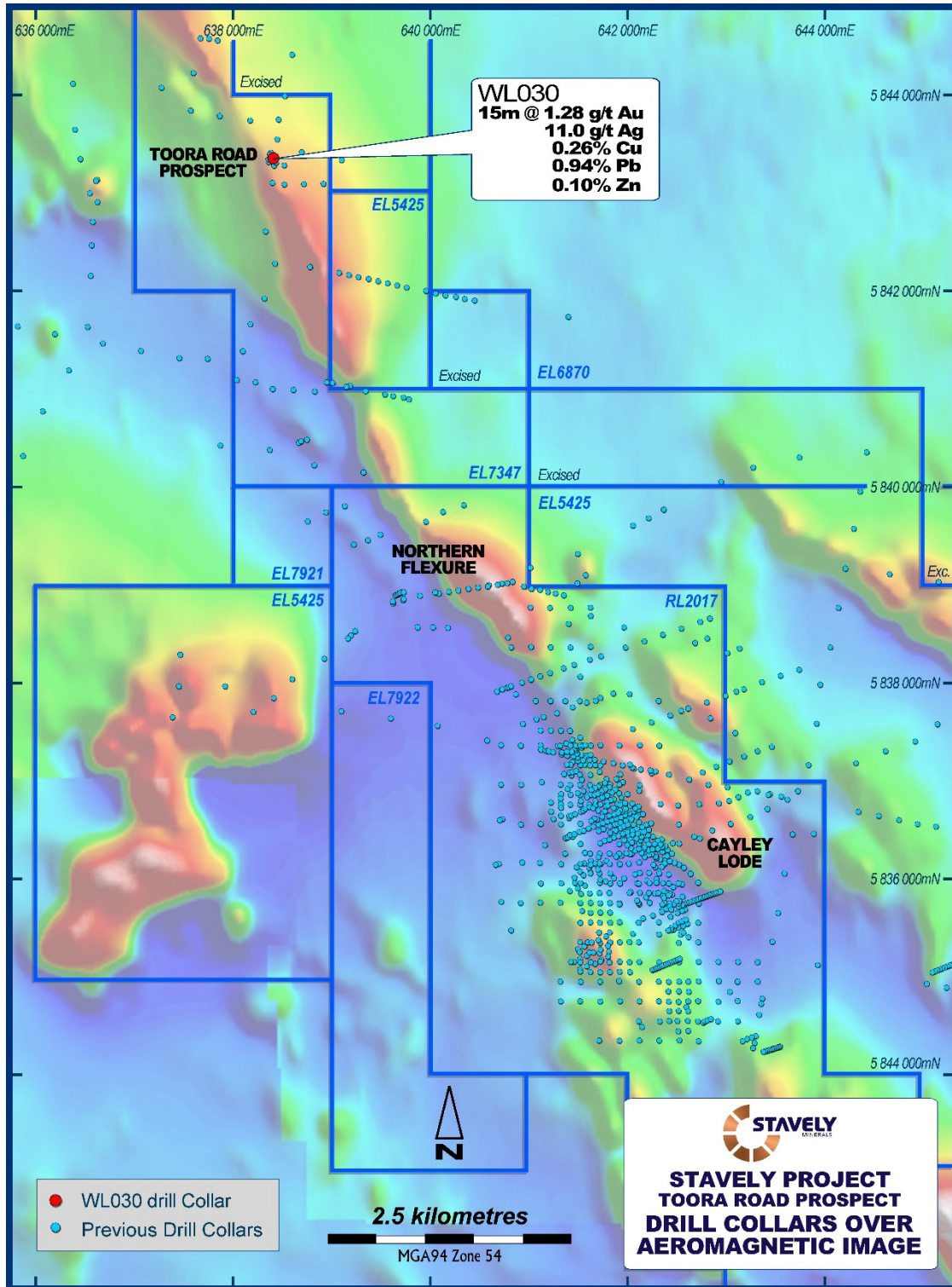


Figure 6. Toora Road Prospect location on aeromagnetics – note the series of magnetic highs along the NNW oriented volcanic / structural trend.

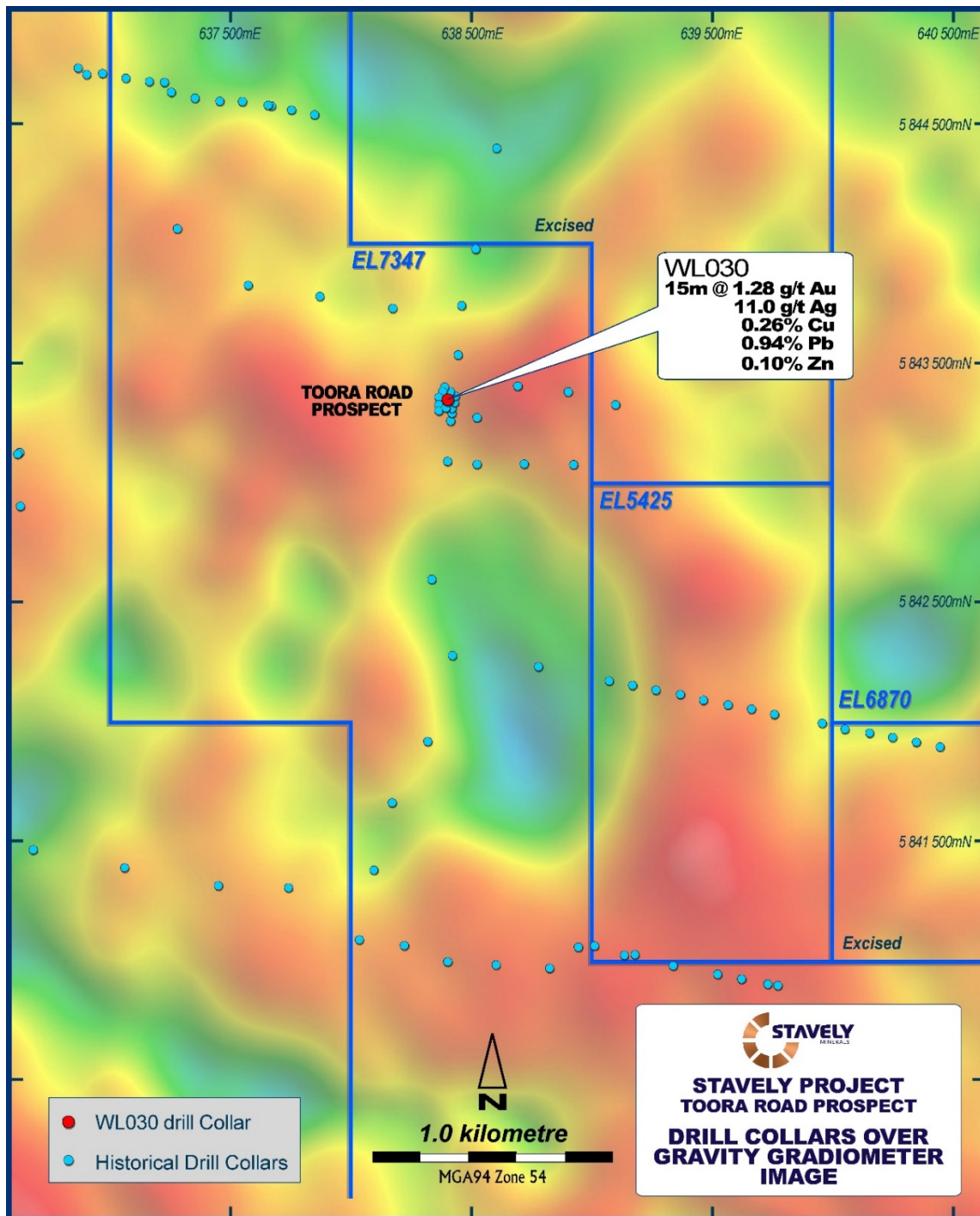


Figure 7. Toora Road Prospect overlaid on gravity gradiometer data showing drill-hole WL030 relative to the gravity low to the south.

The Northern Flexure

Located 1.5km north of Thursday's Gossan, the Northern Flexure target occurs along the margin of the structurally offset slice of Williamson Road Serpentinite, in a similar dilatant structural position to that of the Cayley Lode (Figure 6). Anomalous zinc, silver, manganese, molybdenum and copper results were returned from soil auger sampling during the 2021 field season.

Work plan submission and follow-up soil auger, AC and potential DDH drilling is planned to test this anomaly in the upcoming field program.

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Junction 1

Junction 1 forms the largest (1,200m x 500m) and highest tenor soil auger copper anomaly identified in the Stavely Project area (Figure 8). The majority of the soil auger and rotary air blast (RAB) drilling on this target was completed in the 1980s. The anomaly is located 3.5km SSE of the Cayley Lode along a sub-cropping portion of the Stavely Volcanic Belt. Limited air-core and diamond drilling intersected a best result of 35m @ 3.4% copper from 24m drill depth to end-of-hole in TGAC078 (Figure 9 and Photo 7). Shallow RAB conducted in the 1980's throughout most of the anomalous zone may not have penetrated past the leached zone, as has been seen at Thursday's Gossan. Once access agreements are in place, in-fill auger sampling using modern analytical techniques will be completed and angled air-core holes designed in search of the source of this significant copper anomaly.

Previous drilling by Stavely Minerals to follow-up the TGAC078 intercept resulted in intersections of peripheral base-metal mineralisation (e.g. 5m at 0.37% Pb and 2.4g/t Ag in SMD077 from 275m drill depth) and will require a full review of structural orientations at Junction 1 once the proposed soil auger and air-core programs are complete.

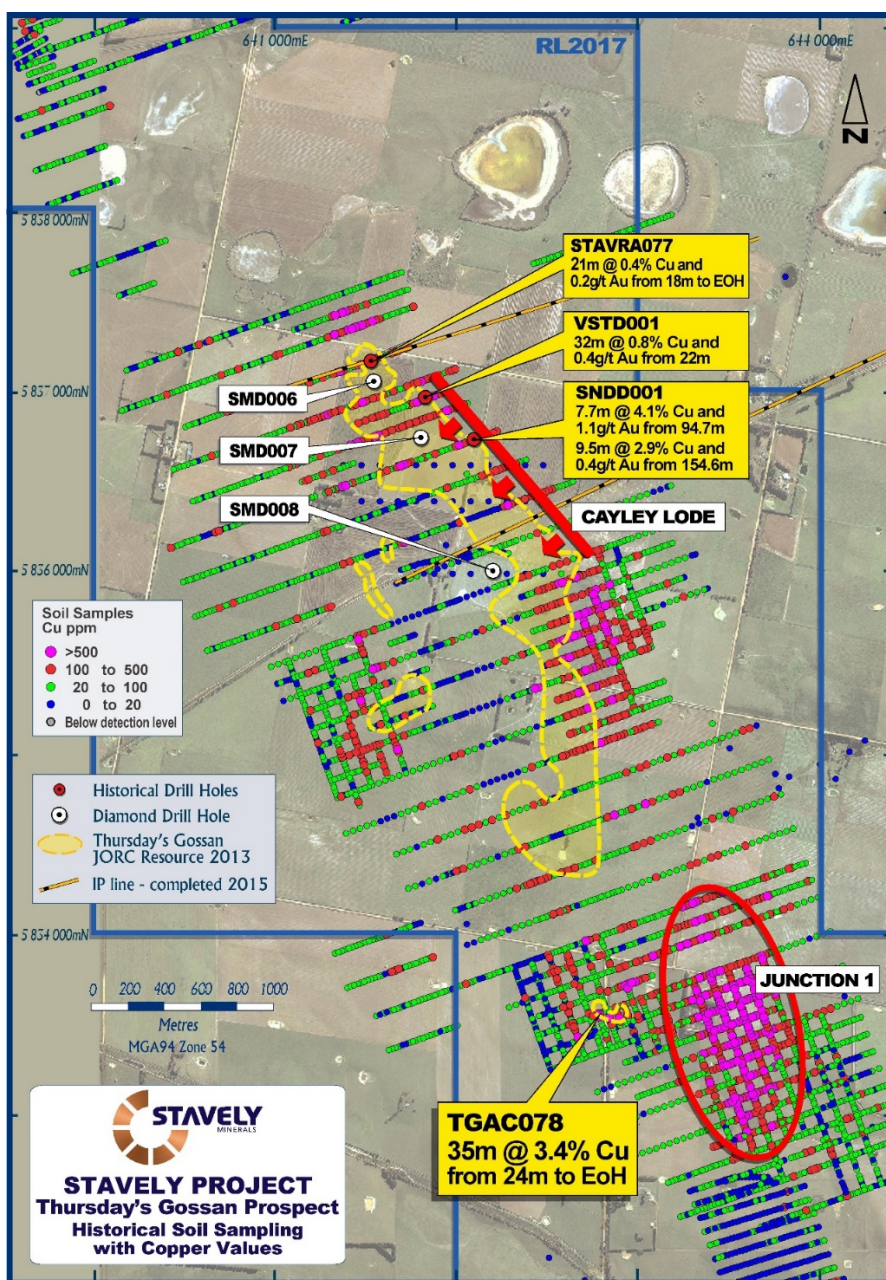


Figure 8. Historical soil auger sampling showing copper results – the unexplained Junction 1 prospect is circled.

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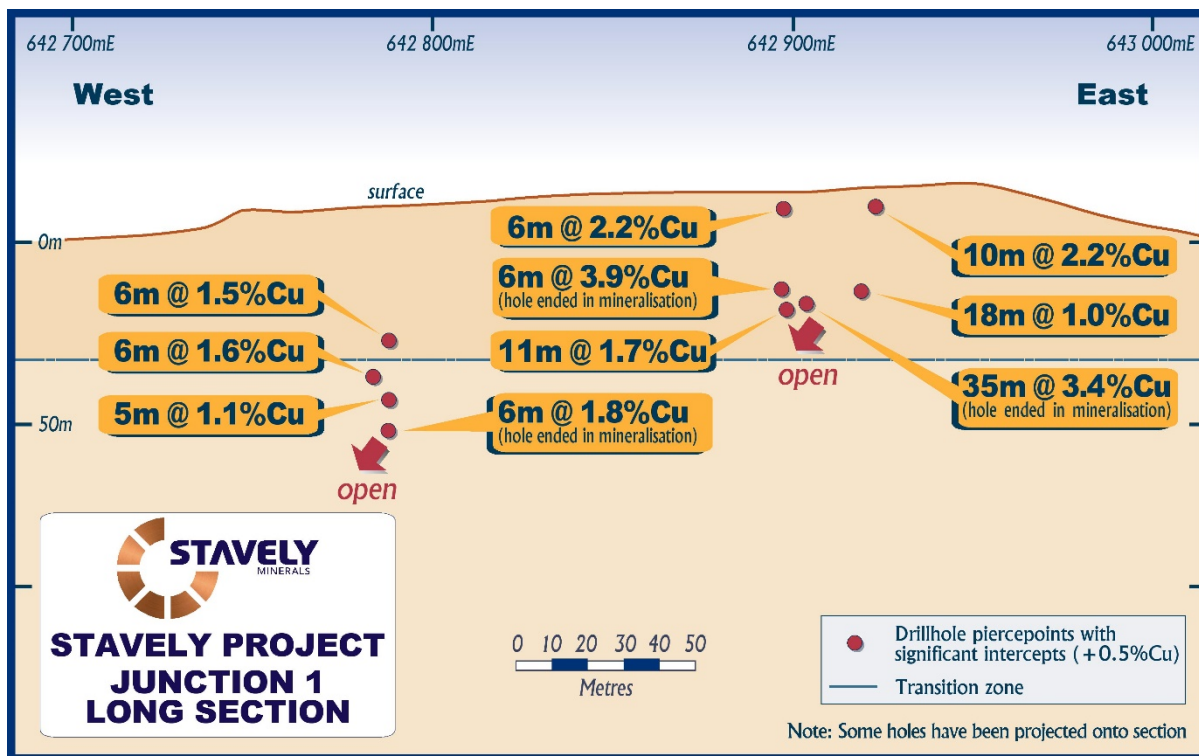


Figure 9. A long-section depicting drill hole intercepts proximal to the Junction 1 soil copper anomaly.



Photo 7. Lode-style copper mineralisation from TGAC078, very similar to the Cayley Lode mineralisation – proximal to the Junction 1 soil copper anomaly. Massive- to semi-massive pyrite-chalcopyrite with secondary chalcocite-covellite fracture coatings.

S41 and S29 Targets

The S41 target area comprises an aeromagnetic low with coincident gravity low. This anomaly was selectively tested by North Limited air-core drill holes. However, the holes failed to test basement, having intersected clays and intervals of tertiary basalt from surface.

At the S41 target, Stavelly Minerals drilled eight air-core holes along two lines 1.5km apart with holes spaced 400m apart for a total of 749m (Figures 4 and 10).

Aircore drilling by Stavelly Minerals successfully penetrated these cover rocks and intersected strongly silica sericite altered dacite porphyry with weak disseminated pyrite. This style of alteration with associated

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sulphides and geophysical characteristics justifies priority air-core follow-up (Corbett Report, 2022 available on the Technical Data Tab at [www.stavely.com.au](http://www.stavely.com.au)).

At the S41 Prospect, strongly sericite+quartz+pyrite-altered dacite was observed at the base of hole STAC0071 (Photo 8). Disseminated pyrite also occurred in STAC0009. The air-core drilling returned assays up to 0.025g/t Au, 3.57g/t Ag, 7.37ppm Sb, 564ppm Cu, 286ppm As, 5.47ppm Mo and 0.77ppm Bi. Overlapping zones of anomalous Cu, Mo, Au and Ag extend through the S41 and adjacent S29 target areas. The S41 Prospect is considered a priority target for follow-up in-fill aircore drilling.

Located 3.5km south-east of S41 within the Elliot volcanic segment, S29 is characterised an aeromagnetic low with coincident gravity low (Figure 9). Like S41, previous aircore drilling failed to penetrate the tertiary basalt, however aircore drilling completed by Stavely Minerals intersected kaolinite altered dacite porphyry with trace quartz-pyrite veining in STAC013.

At the S29 Prospect, the air-core drilling returned assays up to 0.046g/t Au, 1.07g/t Ag, 359ppm Cu, 5.63ppm Mo and 1.3ppm Bi. The S29 Prospect is considered a priority target for follow-up in-fill aircore drilling.



**Photo 8. STAC0071 - Silica-sericite-pyrite (phyllitic) altered dacite porphyry at 81m.**

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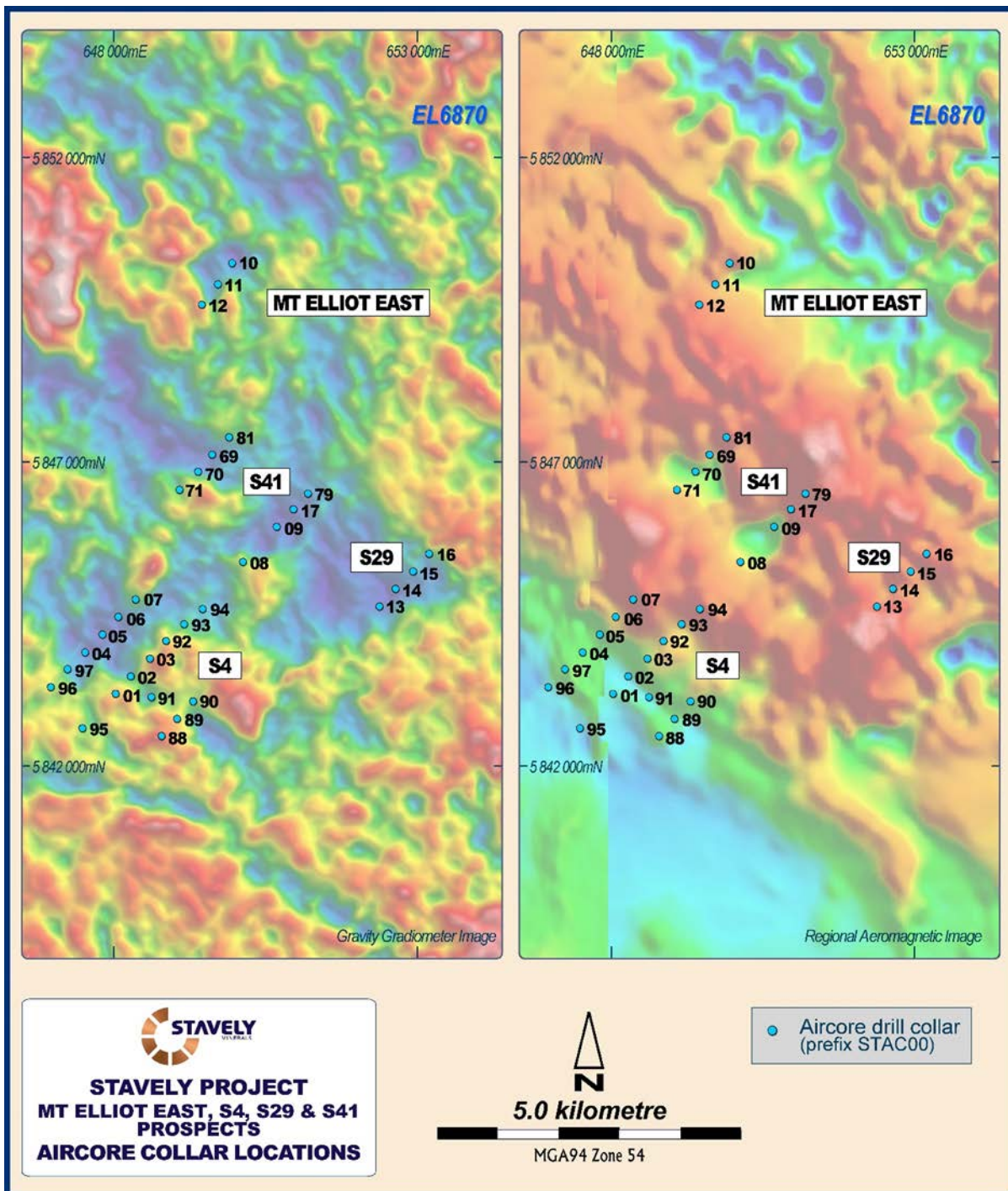


Figure 10. Mt Elliot East, S4, S29 & S41 Prospects – aircore collar locations over a regional aeromagnetic image and gravity gradiometer image.

Nekeleya Prospect

The alteration and mineralisation identified at the Nekeleya Prospect alteration lies south of the Navarre Minerals’ Morning Bill Prospect within the Glenlyle Project.

At Morning Bill, several diamond drill holes targeted a 4km wide magnetic anomaly and intersected abundant andesite flows within the NNW trending belt of Dryden-Stavely Volcanics, with anomalous Au, Ag, Zn, Pb and Cu. This mineralisation is analogous to carbonate-base metal style gold mineralisation (Corbett and Leach, 1998) formed within wall rocks above a magmatic source.

Although the epithermal mineralisation style and setting above an interpreted buried magmatic source is analogous to the Cowal gold deposit, Morning Bill at Glenlyle lacks the important dilatant structural character that facilitated formation of the Cowal mineralisation. At Cowal, north-west trending sheeted veins formed during a transient component of sinistral strike-slip movement on the north-south structural bed ore fluids from the magmatic source at depth to the epithermal setting of mineral deposition, analogous to the Cayley Lode setting.

There is no apparent deviation in the structural grain at Glenlyle from the regional NNW trend (342.5°) and so this system may lack the dilation required to bleed significant ore fluids from the magmatic source at depth to the epithermal level of mineral deposition.

At Nekeeya, extensive aircore drilling by Stavelly Minerals transects a broad gravity high several kilometres wide which partly encloses several gravity lows (Figure 11). The elevated gravity anomaly appears to correlate with andesite flows which have undergone chlorite-epidote alteration observed in the air core rock chips, whereas clay altered mudstone has been noted in the gravity lows.

There is a suggestion that the structural grain, characterised by the 340° orientation of the Moyston Fault on the eastern side of Nekeeya and extending south towards the Buninjon anomaly, might vary to 311° in the central and western portion of the Nekeeya anomaly (Figure 12). Alternatively, the 311° orientation may be reflecting a NW oriented linking structure.

If this is the case, Nekeeya may exhibit a dilatant character similar to Cowal, not present at Glenlyle in the formation of the Morning Bill mineralisation.

The geophysical feature is interpreted to represent the eroded remnants of a submarine stratovolcano, situated on possible arc parallel faults that were later reactivated.

Current exploration at Nekeeya has focused upon a 1 x 2km gravity low dominated by clay altered mudstone with lesser andesite in which air core drill holes to date have identified anomalous Ag, As, Sb, Ba, and Mo, including a 1.5 x 1.0km >5 ppm Mo anomaly (Figure 12).

The aircore holes returned strongly anomalous assays in epithermal and porphyry pathfinder elements including up to: 10.85ppm Ag, 0.06ppm Au, 3,720ppm As, 1,295ppm Cu, 35.8ppm Mo, 409ppm Zn, 266ppm Sb, 0.94ppm Bi and +10 weight % S.

In conclusion, the geological setting, wall rocks, hydrothermal alteration and geochemical signature are all consistent with the setting of Nekeeya being within wall rocks well above a magmatic source in the epithermal regime.

If present, a Cowal-Cayley Lode style structural setting, characterised by north-west dilatant structures formed as a result of transient sinistral strike-slip movement on the north-south structural grain, might provide an environment required for the formation of epithermal (Cowal), transition to porphyry (Cayley Lode) and possibly wall rock porphyry (Cadia East) mineralisation at Nekeeya.

Continued exploration could include in-fill aircore drill holes currently at 400m centres on lines about 750m apart, while further processing of gravity and magnetic data might investigate for the presence of a north-west flexure in the structural grain that might provide encouragement to progress to a NE-SW oriented diamond drill test.

The Nekeeya Prospect has been rated by Dr. Corbett as priority B, that is; of some interest and should be subject to further work if funds are available. The economic mineralisation may be deeply buried and higher-level copper-gold mineralisation may be only likely to develop in the presence of a favourably dilatant structural setting. However, the strongly anomalous copper and molybdenum assay results may indicate that there may be some degree of alteration overprint on a deeper portion of the large hydrothermal system at Nekeeya.



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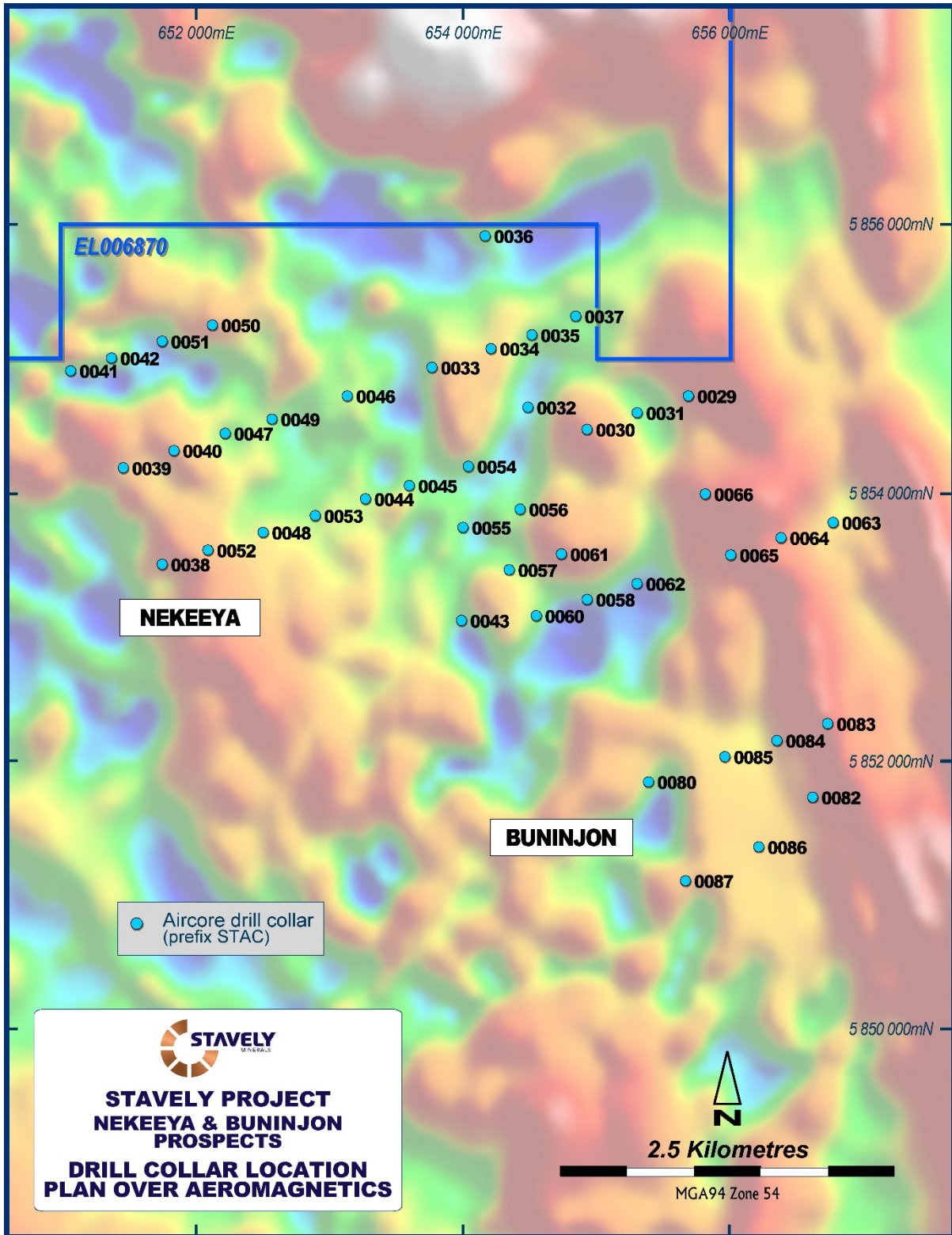


Figure 11. Nekeyya and Buninjon Prospects – aircore collar locations over a regional aeromagnetic image.

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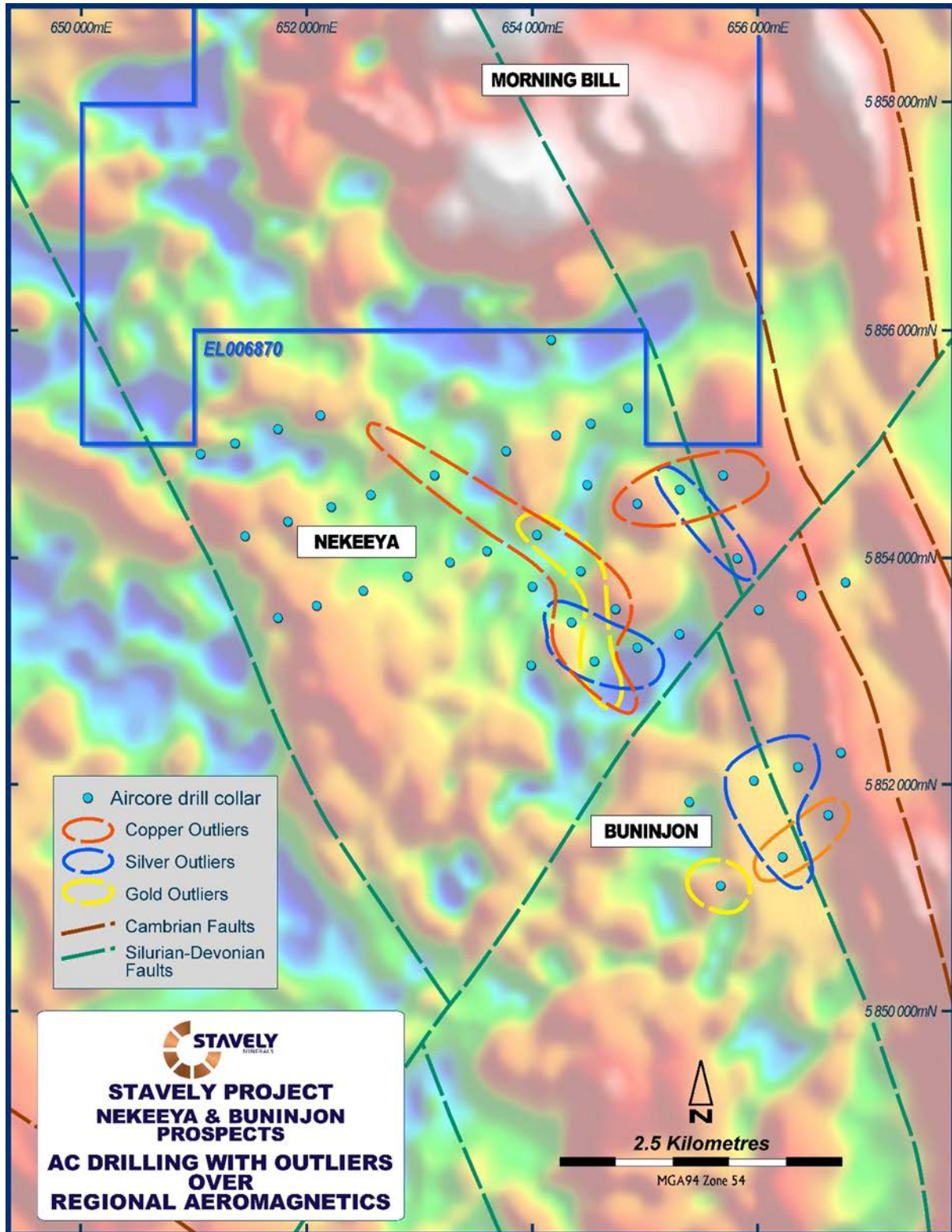


Figure 12. Nekeeya and Buninjon Prospects – aircore drill holes over an aeromagnetic image with geochemical copper-silver-gold outliers.



## BLACK RANGE JOINT VENTURE PROJECT (EL 5425)

During the 2021-22 field season, Stavely conducted a regional exploration program including 400m x 400m spaced soil auger sampling in areas of sub-crop to the north and south of the Lexington Prospect on EL5425.

### Narrapumelap REE Prospect

Soil auger sampling was conducted to the north and south of the Lexington Prospect over the Buckeran Diorite intrusion, Yarrack Fault and surrounding volcano-sedimentary rocks (Figures 13 & 14). A total of 106 soil auger samples were collected to the north and south of the Lexington Prospect over the Buckeran Diorite intrusion, Yarrack Fault and surrounding volcano-sedimentary rocks (Figures 13 & 14). The Lexington Prospect area was not sampled due to land access issues. The samples were collected at 400m spacing along 400m spaced lines. The auger sampling was designed to test for anomalism associated with porphyry-style mineralisation as observed at the Cayley Lode at the Thursday's Gossan Prospect, located on adjacent tenement RL2017.

Sampling has identified weak As and Bi anomalism on the south-west margin of the intrusive complex.

Additionally, sample SSL13042 returned Ce (>500ppm) at above the detection limit and was re-assayed for an additional suite of rare earth elements (ALS method ME-MS81).

A Ce value of 866ppm was returned for this sample. Oxide conversion of the REE results returned 0.24% TREO+Y (Figure 14).

Of note, the results indicate that a significant portion of the contained REE in Sample SSL13042 are the high-value REE magnet metals Neodymium (Nd) and Praseodymium (Pr). The adjacent sample, SSL13033, also returned an elevated Ce value of 286ppm.

The minerals bastnäsite and monazite are common in carbonatite composition intrusions, which generally occur in larger intrusions of alkali-rich silicate igneous rocks. Carbonatites weather recessively which might account for the lack of outcrop in the southern lobe of the Buckeran Diorite.

From the data available, it there appears to be potential for a REE-enriched carbonatite or peralkaline intrusion in the Narrapumelap Prospect area (Figure 14). This will need to be confirmed with additional soil auger sampling and air-core drilling prior to any definitive diamond drilling.

A traverse of aircore holes has been planned between the two highest Ce values and over the magnetic high.

In-fill soil auger sampling from 400m x 400m in the initial programme to 100m x 100m in the immediate vicinity of soil sample SSL13042 and broader 200m x 200m in-fill sampling in other areas of REE anomalism has also been planned.

## YARRAM PARK PROJECT (EL 5478)

### Toora West

The Toora West target (Figures 4 & 15) was tested with four diamond drill holes during the March and June 2022 quarters and was confirmed to host porphyry-style mineralisation, albeit with apparently only a single pulse of porphyry mineralisation which is considered insufficient to produce an economic deposit.

The Toora West prospect is 'blind', being located beneath 30m of younger transported cover, and demonstrates that Stavely Minerals' targeting process has successfully identified mineralised systems under cover.

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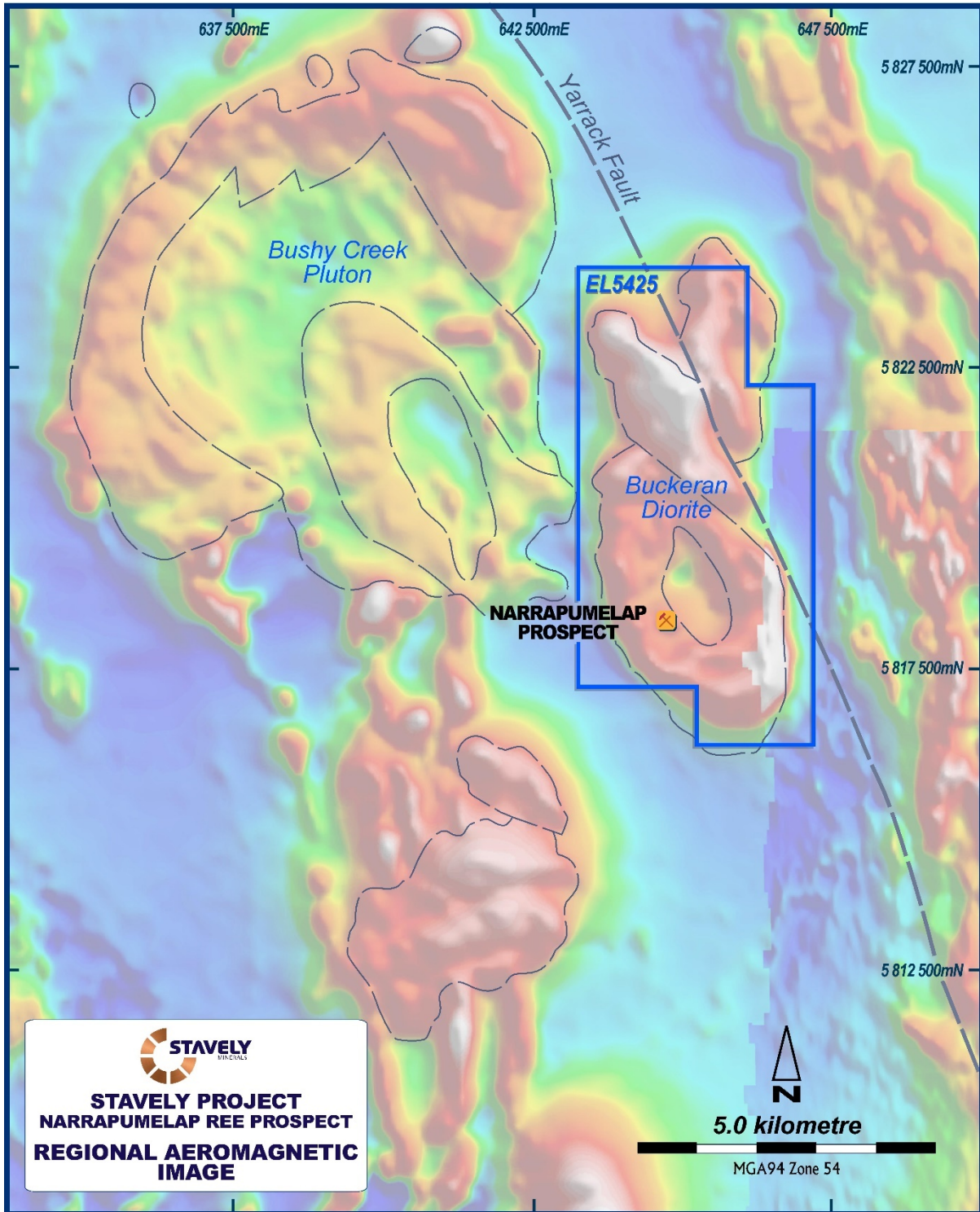


Figure 13. Local geology and structure overlaid on aeromagnetics.



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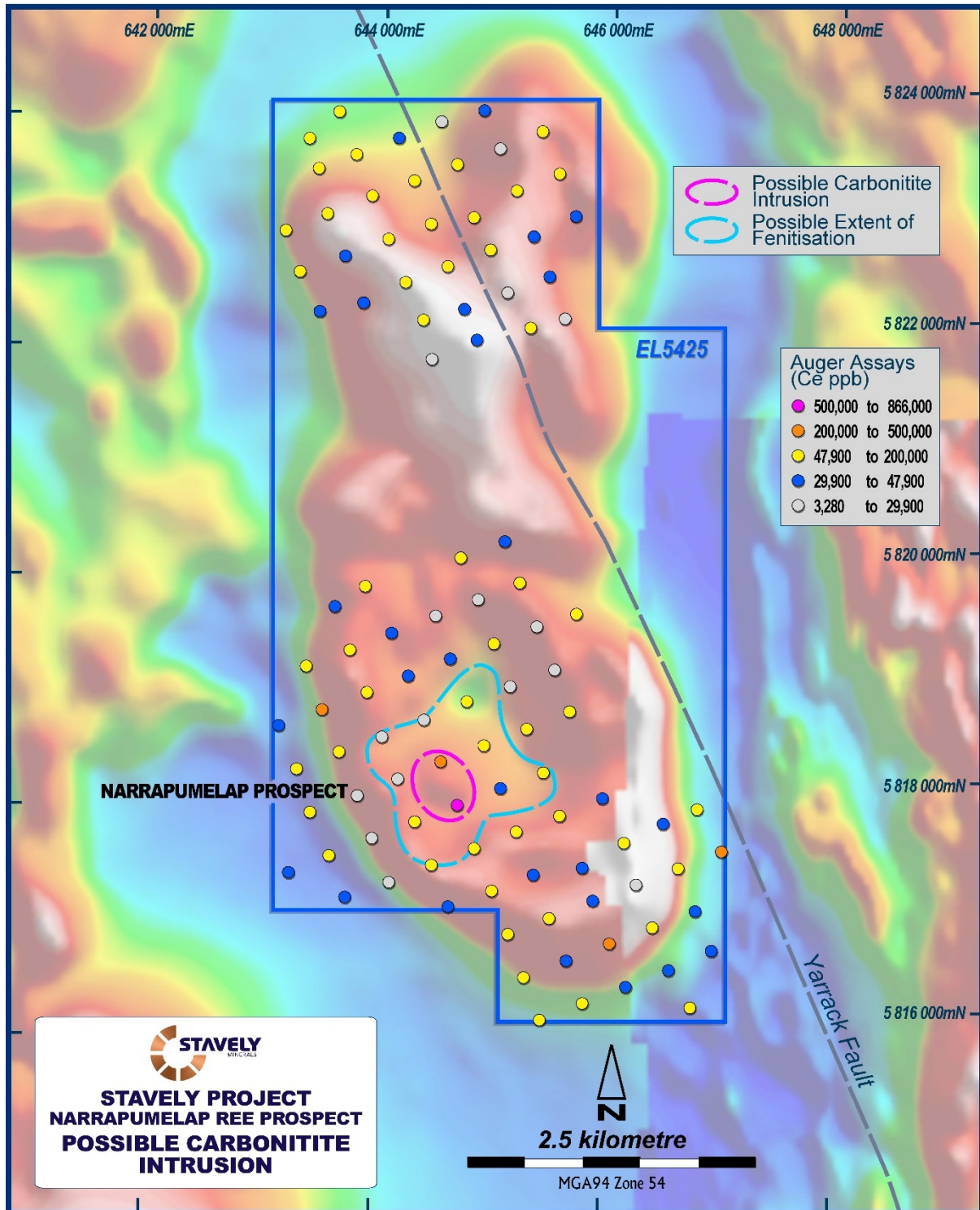


Figure 14. Soil auger sample locations overlaid on magnetics for the Buckeran Diorite with outlines of interpreted possible carbonatite or peralkaline intrusion and possible fenitisation alteration halo at the Narrapumelap Prospect.



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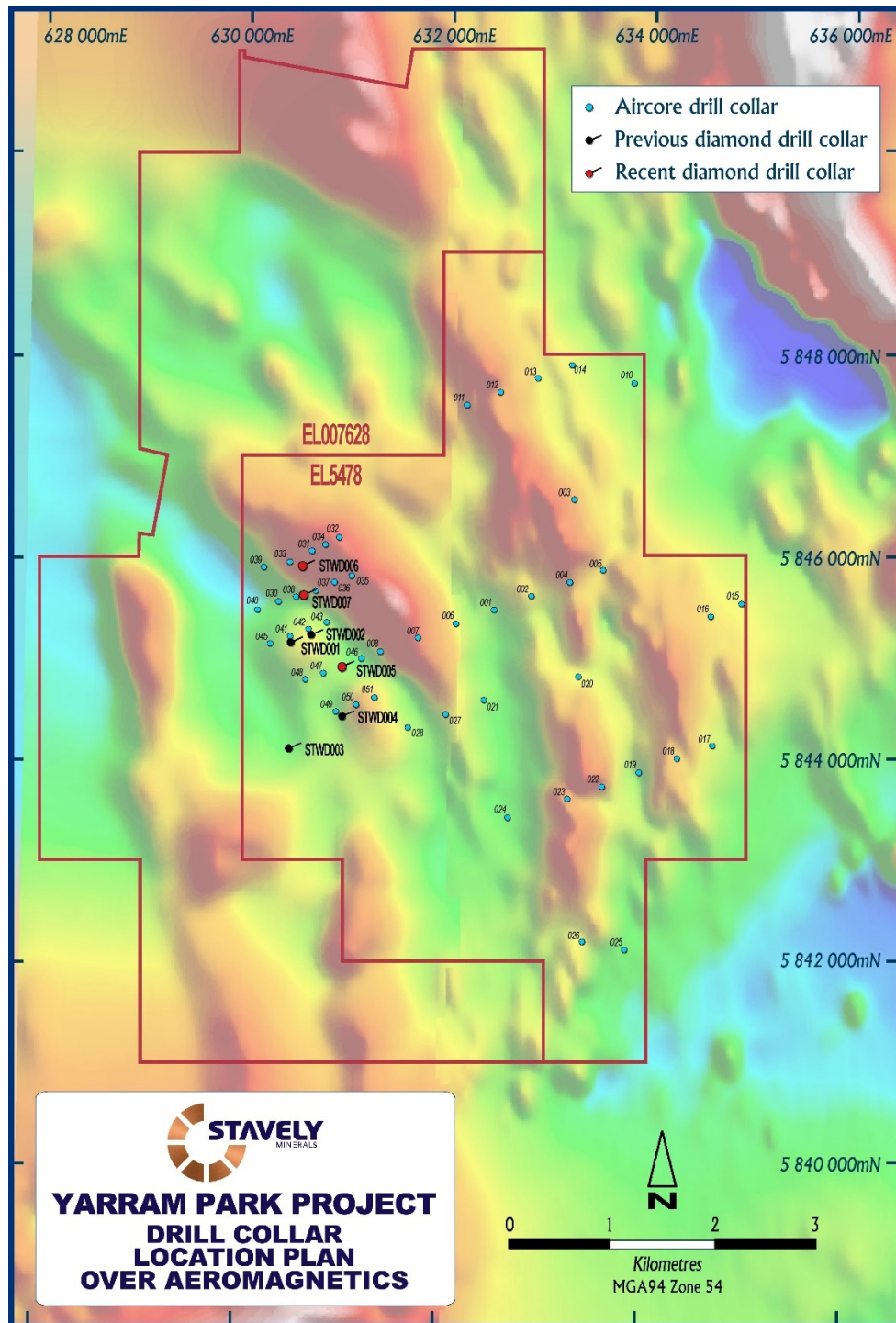


Figure 15. Yarram Park – Toora West prospect diamond drill hole locations.

## ANNOUNCEMENTS

The following announcements (available at [www.stavely.com.au](http://www.stavely.com.au)) provide a more detailed description of the Company's operational activities for the half-year ended 31 December 2022:

05/07/2022	Successful \$4M Institutional Placement and Launch of SPP
12/07/2022	Capital Raising Project Update Presentation
14/07/2022	Substantial Holder – Jupiter Investment Management Ltd
21/07/2022	Noosa Mining Conference Presentation - Dawn of a new-class copper-gold province in Western Victoria
02/08/2022	Heavily Oversubscribed Share Purchase Plan Raises \$5.3M
17/08/2022	Funding for Property Purchase
27/09/2022	Corporate Governance Statement – 2022
30/09/2022	Issue of Performance Rights
04/10/2022	Stavely to Test Newly Identified REE Target as part of the Upcoming Multi-Pronged Regional Exploration Campaign
05/10/2022	Notice of Annual General Meeting
29/11/2022	Stavely to Test Cayley Lode Depth Extensions Following New Interpretation Showing High Grade Copper and Gold Mineralisation Transitioning Towards a Porphyry.
19/01/2023	Pivotal 2023 Exploration Campaign Commences with Air-core Drilling of Regional Targets Underway and Diamond Drilling of Deep Porphyry Target Imminent.

## CORPORATE

Stavely Minerals had a total of \$6.19M cash on hand at the end of December 2022.

## SUBSEQUENT EVENTS

On 5 January 2023, 116,000 shares were issued to employees upon vesting of performance rights.

On 17 January 2023, 2,653,061 shares were issued to Titeline Drilling Pty Ltd as a prepayment for \$650,000 of drilling services to be utilised over the period to April 2023. The shares are escrowed to 17 July 2023.

In February 2023, 175,000 shares were issued to Director Jennifer Murphy, and 250,000 shares were issued to Director Christopher Cairns upon vesting and exercise of performance rights. The vesting condition met was the Company's Share price reaching a 30-day VWAP equal to or greater than 25 cents per Share for any 30 consecutive trading days, on or before 30 November 2023. These Performance rights were granted on 11 November 2022 upon receiving Shareholder approval. At the time, the Company's share price was 15.5 cents.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

## AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



Christopher Cairns  
Executive Chair

Perth, Western Australia

7 March 2023

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 Fellow of the Australian Institute of Geoscientists and a Fellow of the Australian Institute of Mining and Metallurgy. Mr Cairns is a full-time employee of the Company. Mr Cairns is Executive Chair and Managing Director of Stavelly Minerals Limited and is a shareholder and 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.

**Previously Reported Information:** The information in this report that references previously reported exploration results and mineral resources is extracted from the Company's ASX market announcements released on the date noted in the body of the text where that reference appears. The previous market announcements are available to view on the Company's website or on the ASX website ([www.asx.com.au](http://www.asx.com.au)). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.



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Australia

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

As lead auditor for the review of Stavely Minerals Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Jarrad Prue**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth  
7 March 2023

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

	Note	Consolidated	
		Six months ended 31 December 2022 \$	Six months ended 31 December 2021 \$
<b>Revenue and Income</b>			
Interest revenue		75,098	15,122
Rental sub-lease revenue		23,041	19,943
Proceeds on sale of fixed assets		9,091	38,173
		<u>107,230</u>	<u>73,238</u>
<b>Expenses</b>			
Administration and corporate expenses	2(a)	(825,438)	(922,530)
Exploration expensed	2(b)	(1,366,862)	(4,202,016)
Land costs		(13,533)	-
Equity based payments expensed	2(c)	(204,545)	(802,995)
Financing costs	2(d)	(132,602)	(4,936)
Total expenses		<u>(2,542,980)</u>	<u>(5,932,477)</u>
<b>Other gains/(losses)</b>			
Net fair value gains/(losses) on financial assets at fair value through profit or loss		-	(580,930)
Total other gains/(losses)		-	<u>(580,930)</u>
<b>Loss before income tax</b>		<b>(2,435,750)</b>	<b>(6,440,169)</b>
Income tax expense		-	-
<b>Loss after income tax attributable to members of Stavely Minerals Limited</b>		<b>(2,435,750)</b>	<b>(6,440,169)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
<b>Other comprehensive income/(loss) for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(2,435,750)</b>	<b>(6,440,169)</b>
<b>Loss per share for the half-year attributable to the members of Stavely Minerals Limited</b>			
		<b>Cents Per Share</b>	<b>Cents Per Share</b>
Basic loss per share	4	<u>(0.77)</u>	<u>(2.47)</u>

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

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	Note	Consolidated	
		31 December 2022	30 June 2022
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		6,189,632	922,218
Other receivables		203,389	411,244
<b>Total Current Assets</b>		<b>6,393,021</b>	<b>1,333,462</b>
<b>Non-Current Assets</b>			
Receivables		91,320	1,095,013
Right of use assets		35,250	70,252
Property, plant and equipment	5	3,766,623	157,070
Deferred exploration expenditure acquisition costs		3,672,126	3,672,126
<b>Total Non-Current Assets</b>		<b>7,565,319</b>	<b>4,994,461</b>
<b>Total Assets</b>		<b>13,958,340</b>	<b>6,327,923</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		237,611	849,613
Lease liabilities – right of use assets		48,146	94,291
Provisions		232,702	289,842
<b>Total Current Liabilities</b>		<b>518,459</b>	<b>1,233,746</b>
<b>Non-Current Liabilities</b>			
Borrowings	6	1,600,000	-
Provisions		38,871	45,180
<b>Total Non-Current Liabilities</b>		<b>1,638,871</b>	<b>45,180</b>
<b>Total Liabilities</b>		<b>2,157,330</b>	<b>1,278,926</b>
<b>Net Assets</b>		<b>11,801,010</b>	<b>5,048,997</b>
<b>Equity</b>			
Issued capital	7	85,506,285	76,523,067
Reserves		8,053,513	7,848,968
Accumulated losses		(81,758,788)	(79,323,038)
<b>Total Equity</b>		<b>11,801,010</b>	<b>5,048,997</b>

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

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	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts in the ordinary course of activities (incl. GST)	319,463	657,364
Payments to suppliers and employees	(3,006,021)	(5,356,445)
Interest received	75,098	17,051
Interest paid	(152,476)	-
<b>Net cash flows used in operating activities</b>	<u>(2,763,936)</u>	<u>(4,682,030)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(2,650,034)	(72,068)
Proceeds from disposal of plant and equipment	9,091	38,173
Payments for bonds	-	(120,000)
Bonds repaid	143,693	-
Payments for exploration acquisitions (capitalised)	-	(17,500)
<b>Net cash flows (used in) investing activities</b>	<u>(2,497,250)</u>	<u>(171,395)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	9,299,000	-
Payment of share issue costs	(315,782)	-
Borrowings	1,600,000	-
Payment of lease liabilities (right of use assets)	(54,618)	(47,721)
<b>Net cash flows from/(used in) financing activities</b>	<u>10,528,600</u>	<u>(47,721)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	5,267,414	(4,901,146)
Add opening cash and cash equivalents	922,218	13,819,962
<b>Closing cash and cash equivalents</b>	<u><b>6,189,632</b></u>	<u><b>8,918,816</b></u>

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

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	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2021</b>	<b>76,523,797</b>	<b>7,045,973</b>	<b>(65,351,241)</b>	<b>18,218,529</b>
Loss for the half-year	-	-	(6,440,169)	(6,440,169)
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive loss for the half-year, net of tax</b>	<b>-</b>	<b>-</b>	<b>(6,440,169)</b>	<b>(6,440,169)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	-	-	-	-
Cost of issue of share capital	-	-	-	-
Share based payments - options	-	802,995	-	802,995
	-	802,995	-	802,995
<b>As at 31 December 2021</b>	<b>76,523,797</b>	<b>7,848,968</b>	<b>(71,791,410)</b>	<b>12,581,355</b>
<b>At 1 July 2022</b>	<b>76,523,067</b>	<b>7,848,968</b>	<b>(79,323,038)</b>	<b>5,048,997</b>
Loss for the half-year	-	-	(2,435,750)	(2,435,750)
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive loss for the half-year, net of tax</b>	<b>-</b>	<b>-</b>	<b>(2,435,750)</b>	<b>(2,435,750)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	9,299,000	-	-	9,299,000
Cost of issue of share capital	(315,782)	-	-	(315,782)
Share based payments – options and rights	-	204,545	-	204,545
	8,983,218	204,545	-	9,187,763
<b>As at 31 December 2022</b>	<b>85,506,285</b>	<b>8,053,513</b>	<b>(81,758,788)</b>	<b>11,801,010</b>

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

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

This half-year financial report for the six months ended 31 December 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 7 March 2023.

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

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2022 and any public announcements made by Stavely Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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

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

### (b) Statement of Compliance

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

### (c) Adoption of new and revised standards

#### Accounting Policies

The accounting policies applied and methods of computation for the half-year ended 31 December 2022 are consistent with those of the annual financial report for the year ended 30 June 2022. A new accounting policy was adopted for borrowings as follows:

#### *Borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### **New and amended standards adopted by the Group**

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the half-year reporting period ended 31 December 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

#### **Significant accounting estimates and assumptions**

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Company's annual report for the year ended 30 June 2022.

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Six months ended 31 December 2022	Six months ended 31 December 2021
\$	\$

**NOTE 2 - EXPENSES**

**(a) Administration and Corporate Expenses**

Administration and corporate expenses include:

Depreciation - administration	2,417	2,024
Depreciation – right of use assets	35,002	35,311
Operating lease rental expense	22,753	22,884
Personnel costs – administration and corporate	370,316	467,171
Other administration and corporate expenses	394,950	395,140
<b>Total administration and corporate expenses</b>	<b>825,438</b>	<b>922,530</b>

**(b) Exploration Costs Expensed**

Exploration costs expensed include:

Depreciation - exploration	38,064	35,492
Other exploration costs expensed	1,328,798	4,166,524
	<b>1,366,862</b>	<b>4,202,016</b>

**(c) Share Based Payments**

Share based payments (refer note 3)

	204,545	802,995
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**(d) Financing Costs**

Interest on borrowings	92,334	-
Interest on right of use assets	2,792	4,936
Other financing costs	37,476	-
	<b>132,602</b>	<b>4,936</b>

Six months ended 31 December 2022	Six months ended 31 December 2021
\$	\$

**NOTE 3 – EQUITY-BASED PAYMENTS**

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

*Expensed in the profit and loss:*

Equity-based payments- options and performance rights	204,545	802,995
	<b>204,545</b>	<b>802,995</b>

**NOTE 3 – EQUITY-BASED PAYMENTS - continued**

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

During the half-year ended 31 December 2022, the following unlisted options were granted:

- 382,000 unlisted performance rights granted and allotted on 30 September 2022 to employees pursuant to the Company's Employee Incentive Plan (including 125,000 to the Chief Operating Officer). On 12 December 2022, 141,000 of the Performance rights were cancelled.
- 5,150,000 unlisted options, as approved by shareholders at the 2022 Annual General Meeting held on 11 November 2022, granted to directors or their nominees on 11 November 2022 and allotted on 11 November 2022;
- 850,000 unlisted performance rights as approved by shareholders at the 2022 Annual General Meeting held on 11 November 2022, granted to directors Christopher Cairns and Jennifer Murphy on 11 November 2022 and allotted on 11 November 2022;
- 425,000 unlisted options granted and allotted on 13 December 2022 to employees pursuant to the Company's Employee Incentive Plan.

The inputs to the valuation models used were:

Grant date - Employees	30/09/2022	30/09/2022	13/12/2022
	Performance rights - Employees	Performance rights – Chief Operating Officer	Options - Employees
Spot price (\$)	0.16	0.16	0.195
Exercise price (\$)	Nil	Nil	0.30
Vesting date	31/12/2022	31/03/2023	Immediately
Expiry date	Upon vesting	Upon vesting	30/11/2025
Expected future volatility (%)	N/A	N/A	73
Risk-free rate (%)	0.0	0.0	3.05
Dividend yield (%)	-	-	-
Value Each (\$)	0.16	0.16	0.074
Number Granted	257,000	125,000	425,000
Valuation Method	Market Price at Grant Date	Market Price at Grant Date	Black-Scholes

Grant date - Directors	11/11/2022	11/11/2022	11/11/2022	11/11/2022
	Options - Directors	Options - Directors	Performance Rights - Directors	Performance Rights - Directors
Spot price (\$)	0.14	0.14	0.14	0.14
Exercise price (\$)	0.22	0.22	Nil	Nil
Barrier price (\$)	N/A	N/A	0.25	0.40
Vesting date	30/06/2023	immediately	No later than 30/11/2023	No later than 30/11/2023
Expiry date	30/11/2025	30/11/2025	15/11/2027	15/11/2027
Expected future volatility (%)	65	65	65	65
Risk-free rate (%)	3.16	3.16	3.34	3.34
Dividend yield (%)	-	-	-	-
Value Each (\$)	0.044	0.044	0.1194	0.0997
Number Granted	2,750,000	2,400,000	425,000	425,000
Valuation Method	ES02	ES02	Trinomial	Trinomial

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**NOTE 3 – EQUITY-BASED PAYMENTS - continued**

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

*Black-Scholes option pricing model*

The assessed fair values of the options issued on 13 December 2022 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 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.

*Hoadley Trading & Investment Tools ES02 and Hoadley Trading & Investment Tools Barrier 1 trinomial option valuation models*

The assessed fair values of the options and performance rights granted on 11 November 2022 were determined using the Hoadley Trading & Investment Tools ES02 option valuation model, taking into account the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The expected future volatility is based on historical volatility over one, two and three year trading periods. The assessed fair values performance rights granted on 11 November 2022 were determined using the Hoadley Trading & Investment Tools Barrier 1 trinomial option valuation model with the market conditions (barrier prices) included in the valuations.

	Six months ended 31 December 2022	Six months ended 31 December 2021
<b>NOTE 4 - EARNINGS PER SHARE</b>		
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.77)	(2.47)
	\$	\$
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	(2,435,750)	(6,440,169)
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share	314,303,811	260,961,452

Diluted earnings per share are not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

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	31 December 2022	30 June 2022
	\$	\$
<b>NOTE 5 – PROPERTY, PLANT AND EQUIPMENT</b>		
Land (Pastoral) - at cost (secured) – note (a)	3,495,995	-
Associated buildings - at cost (secured) – note (a)	117,050	-
Less: Accumulated depreciation of buildings	-	-
	3,613,045	-
Motor vehicles- at cost	168,972	193,245
Less: Accumulated depreciation	(97,460)	(113,120)
	71,512	80,125
Plant and equipment - at cost	674,339	642,171
Less: Accumulated depreciation	(592,274)	(565,226)
	82,065	76,945
Total property, plant and equipment	3,766,623	157,070
<i>Reconciliation of property, plant and equipment:</i>		
<b>Land and Buildings</b>		
Carrying amount at beginning of period	-	-
Additions – note (a)	3,613,045	-
Carrying amount at end of period	3,613,045	-
<b>Motor Vehicles</b>		
Carrying amount at beginning of period	80,125	52,558
Additions	4,818	52,719
Depreciation	(13,431)	(25,152)
Carrying amount at end of period	71,512	80,125
<b>Plant and Equipment</b>		
Carrying amount at beginning of period	76,945	105,006
Additions	32,169	22,673
Depreciation	(27,049)	(50,734)
Carrying amount at end of period	82,065	76,945

(a) On 15 August 2022, the Company settled on the property purchase of for a 524-acre farm, residence and an additional residential block adjacent to the Thursday's Gossan prospect, part of its 100%-owned Stavelly Copper-Gold Project in western Victoria. \$1.6 million of loan funding was used towards the acquisition of the land. The land is secured via a 1<sup>st</sup> mortgage. Refer to note 6.

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**31 December 2022**                      **30 June 2022**  
\$    \$

**NOTE 6 – BORROWINGS – NON-CURRENT**

Borrowings - at cost	1,600,000	-
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On 15 August 2022, the Company settled on the property purchase of for a 524-acre farm, residence and an additional residential block adjacent to the Thursday's Gossan prospect, part of its 100%-owned Stavely Copper-Gold Project in western Victoria.

\$1.6 million of loan funding was used towards the acquisition of the land. The funding was provided by two parties to Stavely's wholly owned subsidiary, Stavely Pastoral Pty Ltd, as follows:

Under a loan agreement with Legal Mortgage Holdings Pty Ltd (LMH), LMH advanced \$1 million on the following terms:

- Interest payable at 10% pa, payable quarterly in advance
- Term of 24 months with a minimum term of 12 months
- Secured via a 1<sup>st</sup> mortgage on the land with a guarantee provided by Stavely Minerals Limited

Under a loan agreement with Anthony Cairns, an unrelated party, Anthony Cairns advanced \$0.6 million on the following terms:

- Interest payable at 10% pa, payable quarterly in advance
- Term of 24 months with a minimum interest term of 12 months
- Unsecured, with a guarantee provided by Stavely Minerals Limited.

**NOTE 7 – ISSUED CAPITAL**

**(a) Issued Capital**

322,954,656 ordinary shares fully paid		
(June 2022: 260,961,452)	85,506,285	76,523,067

**(b) Movements in Ordinary Share Capital**

Summary of Movements	Six months ended 31 December 2022		Year ended 30 June 2022	
	Number of Shares	\$	Number of Shares	\$
Opening balance	260,961,452	76,523,067	260,961,452	76,523,797
Issued - placement	26,666,667	4,000,000	-	-
Issued - share purchase plan	35,326,537	5,299,000	-	-
Costs of issues	-	(315,782)	-	(730)
Closing Balance	322,954,656	85,506,285	260,961,452	76,523,067

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**NOTE 7 – ISSUED CAPITAL - continued**

**(c) Options on issue at 31 December 2022**

	Number	Exercise Price	Exercise Date
Unlisted Options	4,102,500	\$1.20	31 October 2023
Unlisted Options	4,737,500	\$0.71	30 November 2024
Unlisted Options	5,150,000	\$0.22	30 November 2025
Unlisted Options	425,000	\$0.30	30 November 2025
	14,415,000		

During the half-year ended 31 December 2022:

- (i) 5,575,000 unlisted options were granted as share-based payments (six months to 31 December 2021: 5,187,500) (refer note 3);
- (ii) 3,291,000 unlisted options expired (six months to 31 December 2021: nil); and
- (iii) No unlisted options were exercised (six months to 31 December 2021: nil).

**(d) Performance Rights on issue at 31 December 2022**

	Number	Vesting Date / Condition
Performance rights	116,000	31 December 2022, shares issued 5 January 2023
Performance rights	125,000	31 March 2023
Performance rights	425,000	That the Company's Share price reaches a 30-day VWAP equal to or greater than 25 cents per Share for any 30 consecutive trading days, on or before 30 November 2023.
Performance rights	425,000	That the Company's Share price reaches a 30-day VWAP equal to or greater than 40 cents per Share for any 30 consecutive trading days, on or before 30 November 2023.
	1,091,000	

During the half-year ended 31 December 2022:

- (i) 1,232,000 unlisted performance rights were granted as share-based payments (six months to 31 December 2021: nil) (refer note 3);
- (ii) 141,000 unlisted performance rights were cancelled (six months to 31 December 2021: nil); and
- (iii) 116,000 unlisted performance rights vested, with the shares issued on 5 January 2023 (six months to 31 December 2021: nil).

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

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

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#### **NOTE 9 – CASH FLOW INFORMATION**

The following non-cash activities were undertaken:

Six months to 31 December 2022:

- No non-cash activities undertaken.

Six months to 31 December 2021:

- No non-cash activities undertaken.

#### **NOTE 10 – SEGMENT INFORMATION**

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

#### **NOTE 11 – RELATED PARTY TRANSACTIONS**

There have been no new related party transactions entered into since 30 June 2022 other than equity based payments as disclosed in Note 3(b).

#### **NOTE 12 – SUBSEQUENT EVENTS**

On 5 January 2023, 116,000 shares were issued to employees upon vesting of performance rights.

On 17 January 2023, 2,653,061 shares were issued to Titeline Drilling Pty Ltd as a prepayment for \$650,000 of drilling services to be utilised over the period to April 2023. The shares are escrowed to 17 July 2023.

In February 2023, 175,000 shares were issued to Director Jennifer Murphy, and 250,000 shares were issued to Director Christopher Cairns upon vesting and exercise of performance rights. The vesting condition met was the Company's Share price reaching a 30-day VWAP equal to or greater than 25 cents per Share for any 30 consecutive trading days, on or before 30 November 2023. These Performance rights were granted on 11 November 2022 upon receiving Shareholder approval. At the time, the Company's share price was 15.5 cents.

There are no other matters or circumstances that have arisen since 31 December 2022 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.



1. In the opinion of the Directors:
- a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
    - ii) complying with Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2022.

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



Christopher Cairns  
Executive Chair

Perth, Western Australia

7 March 2023



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stavelly Minerals Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Stavelly Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO



Jarrad Prue

Director

Perth

7 March 2023

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