



ASX ANNOUNCEMENT

23 May 2023

Stavely Minerals – New Project Acquisition

## Stavely Minerals to Acquire Highly Prospective Hawkstone Ni-Cu-Co Project in WA from Chalice Mining

*Located in the West Kimberley region, the Hawkstone Project sits along strike from the high-tenor Merlin Ni-Cu-Co discovery by the Buxton Resources/IGO JV*

- Stavely Minerals Limited has agreed to acquire Chalice Mining Limited's Hawkstone Nickel-Copper-Cobalt Project in the West Kimberley region of Western Australia.
- The Hawkstone Project sits along strike from the Buxton Resources/IGO Joint Venture's Double Magic Project, which hosts the Merlin nickel-copper-cobalt discovery, located ~1km along strike from the Hawkstone tenement boundary.
- The Merlin nickel-copper-cobalt discovery is a high-tenor (average 8% nickel tenor) magmatic nickel style of mineralisation, with individual assays of up to 8.14% nickel, 5.26% copper and 0.69% cobalt, hosted by the Ruins Dolerite<sup>1</sup>.
- The Hawkstone Project includes ~30 kilometres of easterly strike continuation of the Ruins Dolerite, which is highly prospective for nickel-copper-cobalt mineralisation.
- The Hawkstone Project represents a relatively under-explored opportunity for a significant discovery in an emerging mineral field where the prospectivity and fertility of the Ruins Dolerite has already been demonstrated.
- The Hawkstone Project is also highly prospective for pegmatite-associated lithium mineralisation, with a number of historic tin-tungsten-tantalum mines/occurrences in the area indicative of potentially lithium-prospective pegmatites derived from the highly fractionated Mondooma and Lennard Granites.
- The summary terms of the acquisition are that Stavely is acquiring Chalice Mining's wholly-owned subsidiary, North West Nickel, for consideration of \$1.4 million of equivalent value in Stavely Minerals shares.

Stavely Minerals Limited (ASX Code: SVY – "Stavely Minerals") is pleased to advise that it has agreed to acquire the 1,800km<sup>2</sup> Hawkstone Nickel-Copper-Cobalt Project in the West Kimberley region of Western Australia from Chalice Mining Limited (ASX Code: CHN – "Chalice Mining").

<sup>1</sup> Buxton Resources website: [West Kimberley - Buxton Resources Ltd, ASX:BUX announcement dated 27 November 2015](#)

Stavely Minerals Executive Chair and Managing Director, Mr Chris Cairns, said: *“The Hawkstone Project is an exceptional walk-up exploration opportunity in a geological setting that has demonstrated prospectivity and fertility.*

*“The project complements our flagship Stavely Copper-Gold Project in many ways – it conforms to the Company’s focus on exploring for the metals required for the transition to a low-carbon future, as well as having a winter field exploration season in the West Kimberley that complements the summer exploration season at the Stavely Project in Western Victoria, allowing us to maintain year-round exploration activity.*

*“The Merlin nickel-copper-cobalt discovery is a high-tenor discovery, which can be very important in terms of economic potential. Located just 1 kilometre from the Hawkstone Project tenement boundary, the Merlin discovery is significant in several respects.*

*“Technically, it demonstrates that the geological processes required to form a magmatic nickel sulphide deposit have occurred within the Ruins Dolerite, and the Hawkstone Project contains some 30 kilometres of strike continuation of this highly prospective yet under-explored unit.*

*“Additionally, being in an emerging metals province implies that any meaningful additional discovery could result in a corporate combination to create the critical mass that a regional development might require, either from the outset or to extend future operations. The DeGrussa and Nova Mines are examples of this type of regional consolidation.*

*“It is important to emphasise that this transaction in no way diminishes our enthusiasm or the scale of the opportunity at our flagship Stavely Project. It is more a matter of complementing our critical minerals focus and the synergy of the respective field seasons in such a way that the Company can provide more continuous year-round activities across two outstanding projects.*

*“The Chalice Mining team clearly has a tiger by the tail at their growing Julimar discovery in WA and we are very encouraged that Chalice has agreed to accept Stavely Minerals shares as consideration and thereby retain exposure to potential future exploration success at Hawkstone.”*

### **The Hawkstone Project**

The Hawkstone Project comprises ~1,800km<sup>2</sup> of tenure held both 100% and with earn-in and/or exploration rights in six separate tenements through Chalice Mining’s 100%-owned subsidiary, North West Nickel Pty Ltd (NWN) (Figure 2 and Table 1). Stavely Minerals is acquiring NWN.

Prior to completion of the acquisition, NWN will acquire 100% of tenements E04/2299 and E04/2325, currently held by Strategic Metals Pty Ltd, and 100% of tenement E04/2784 currently held by CGM (WA) Pty Ltd.

NWN also owns 100% of the hard-rock mineral rights on E04/1169, E04/2563 and E04/2405, which are subject to future milestone payments to the tenement owners, Waterford Bay Pty Ltd and Kimberley Alluvial Pty Ltd.

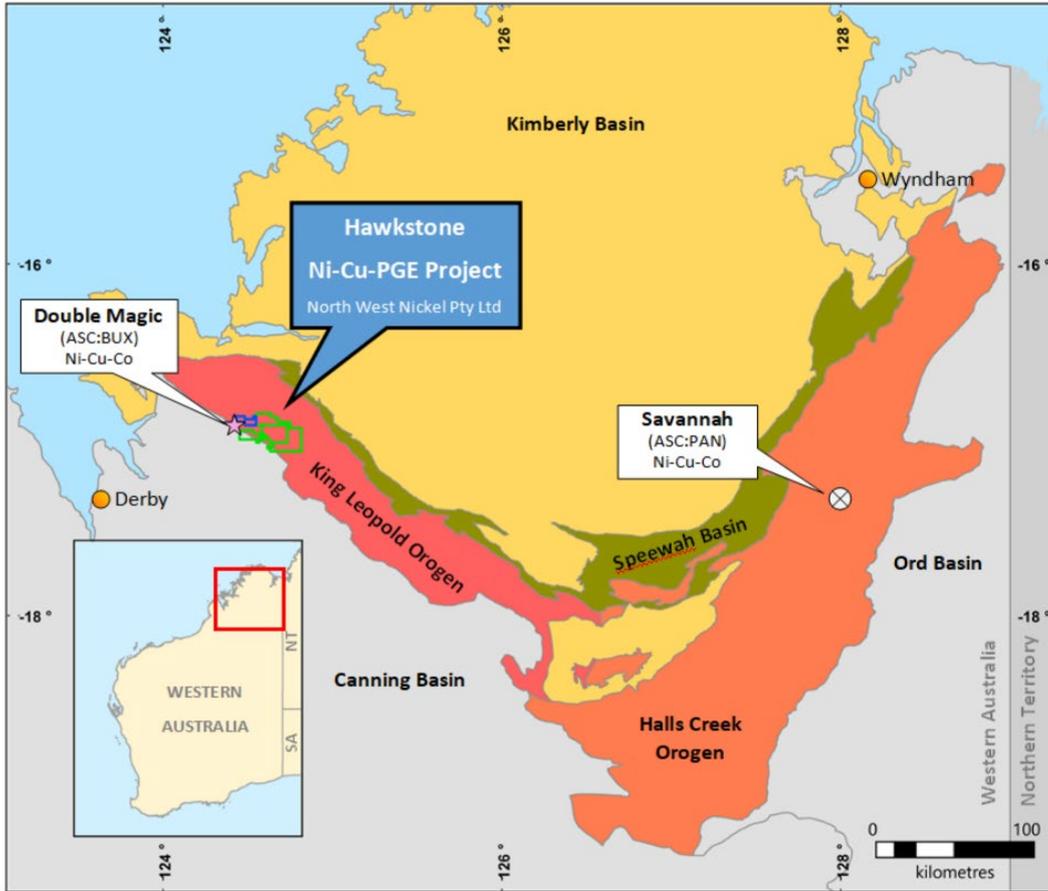


Figure 1. Hawkstone Project location map.

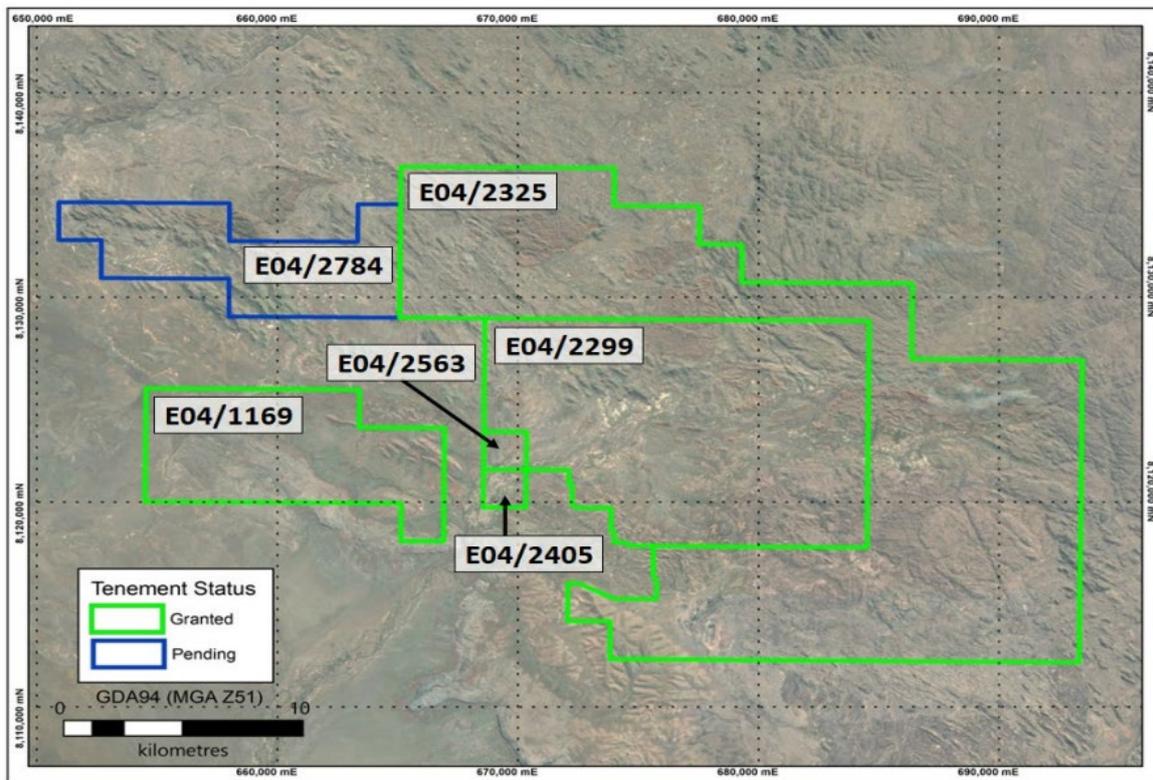


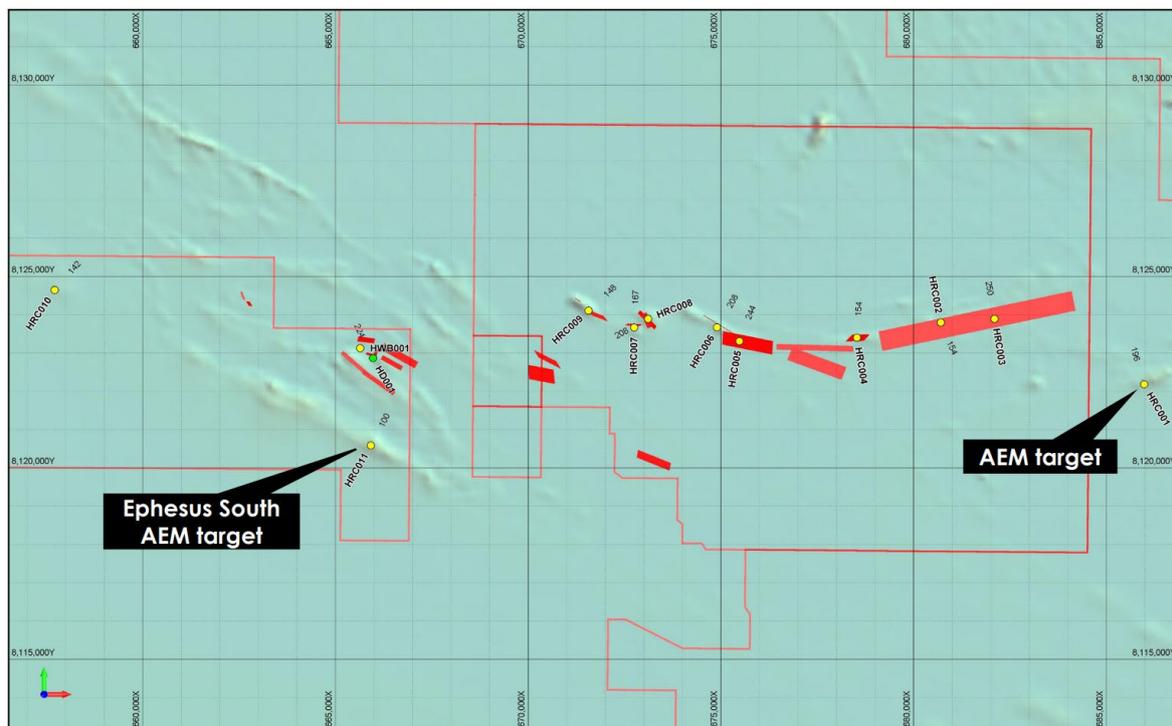
Figure 2. Hawkstone Project tenement map.

**Table 1. Hawkstone Project tenement details.**

Tenements	Registered Holder	Nature of Interest
E04/1169	Waterford Bay	Hard rock mining rights
E04/2299	Strategic Metals	Earn-In rights
E04/2325	Strategic Metals	Earn-In rights
E04/2405	Waterford Bay	Hard rock mining rights
E04/2563	Waterford Bay	Hard rock mining rights
E04/2784	CGM(WA)	Direct Holding

Exploration conducted by Chalice Mining included two phases of airborne electromagnetic (AEM) surveys, ground-based moving loop EM surveys (MLEM), soil geochemical sampling, rock-chip sampling, geology mapping and drill testing of EM conductor plates (11 RC drill holes and one diamond drill hole) (Figure 3).

All conductors were explained by sulphide occurrences in the Marboo Formation sediments and were not located in the Ruins Dolerite<sup>2</sup>. However, it is highly encouraging that reconnaissance surface rock-chips of ‘Dolerite samples were predominantly sulphide-bearing containing trace to 1-2% disseminated sulphides (Fe-sulphides) in most samples’<sup>3</sup> and there remain ~15 untested regional targets.



**Figure 3. Hawkstone Project EM conductor plates and drill-hole collars overlaid on regional magnetics<sup>2</sup>.**

<sup>2</sup> Chalice Mining December 2020 Quarterly Activities Report and K. Frost pers. comm.

<sup>3</sup> Hawkstone Project Information Memorandum, March 2022

Future exploration planned by Stavely Minerals would include a gravity survey(s), field mapping of the Ruins Dolerite with a focus on identifying the spatial distribution of the chromite-rich basal unit (where outcropping) which is likely to host nickel-copper-cobalt sulphide mineralisation, possibly including more focused ground EM programmes and eventual drill testing of anomalies.

Where not outcropping but covered with black soil plains, soil auger geochemistry will be employed over the interpreted position of the Ruins Dolerite.

The Hawkstone Project is located approximately 1km along strike from the Buxton Resources / IGO joint venture in the Double Magic Project as shown in Figure 4.

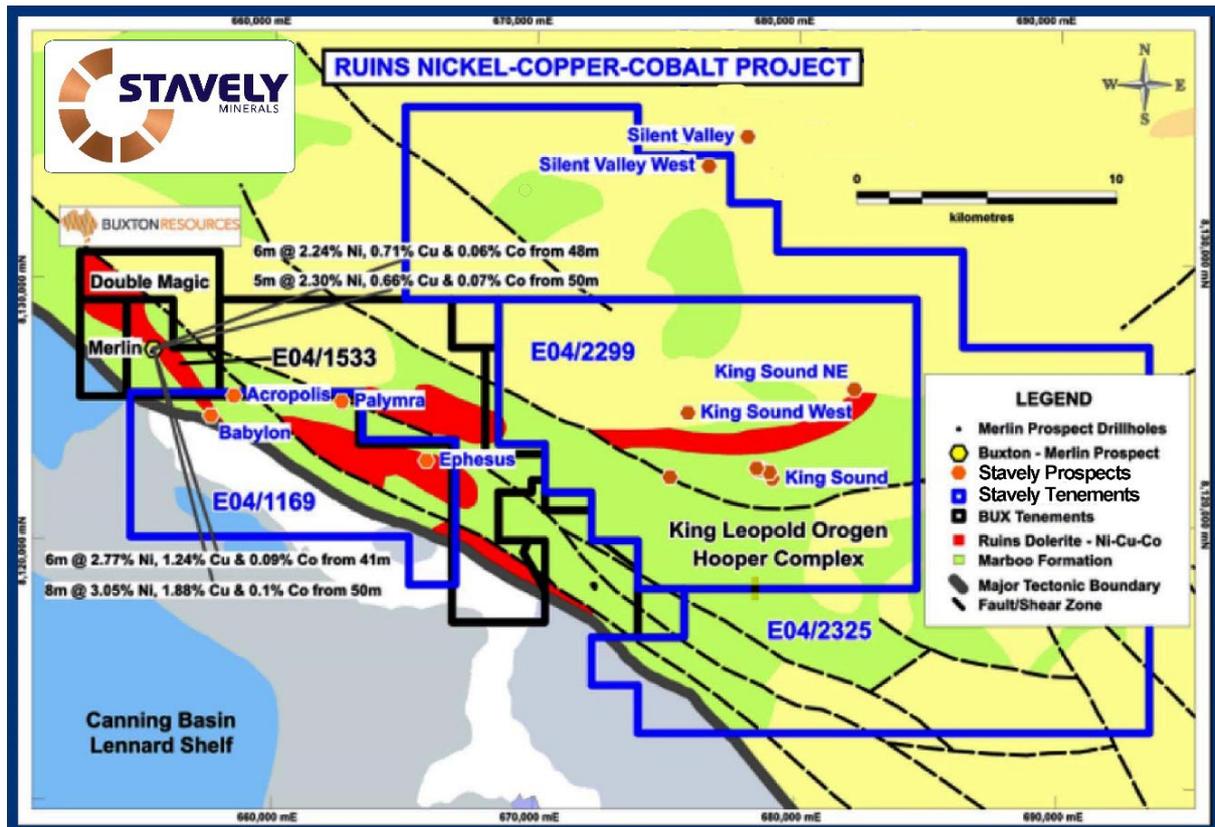


Figure 4. Hawkstone Project and the Buxton / IGO JV tenements, the location of the Merlin Ni-Cu-Co mineralisation with the distribution of the prospective host Ruins Dolerite.

### The Merlin Ni-Cu-Co Discovery

Initial mineral exploration focused on the Jack's Hill gossan. Two holes were drilled in the 1960s by Pickland Mathers. No further work was conducted until 2007. Two RC drill programs and one ground EM survey highlighted widespread low-grade (typically ~0.2-0.4% Ni) sulphide mineralization near the gossan.

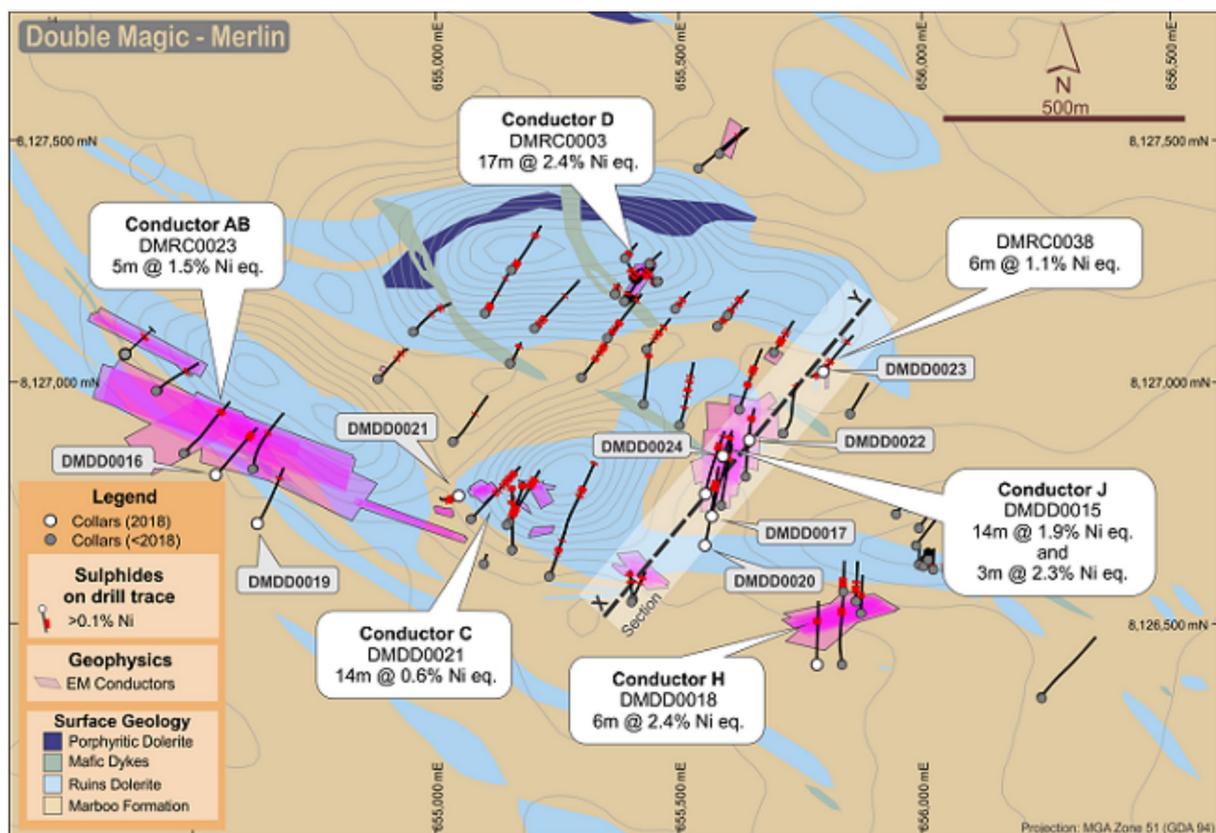
In 2013 a helicopter VTEM survey identified eight significant conductors, with five located within a ~1.5km radius and interpreted to be associated with the margins of a deformed intrusion, along strike to the north-west of the gossan. These five VTEM conductors were further followed up with ground EM which resulted in the definition of seven discrete bedrock conductors, A-G (now referred to as the Merlin Prospect).

A four-hole RC drill program was undertaken by Victory Mines Ltd to test these EM targets. Highly encouraging, significant nickel-copper sulphide mineralisation was intersected. All EM conductors are coincident with gravity highs.

In 2015, Buxton Resources Limited acquired the Double Magic Project and undertook an intensive exploration programme. Buxton confirmed that the Ruins Dolerite unit hosts economic grades and widths of primary orthomagmatic nickel-copper sulphide mineralisation. Drill-hole DMRC0003 intersected **8m at 3.05% Ni, 1.88% Cu & 0.10% Co** from 50m drill depth, within a broader **17m zone at 1.78% Ni & 1.16% Cu** from 46m drill depth at the Merlin Prospect (Conductor D)<sup>4</sup>.

This nickel exploration focus culminated in the discovery of the Double Magic Merlin Ni-Cu-Co deposit. This establishes the Ruins Dolerite, and the West Kimberley in general, as a de-risked, fertile and under explored new nickel-copper-cobalt province.

All coincident gravity and EM conductors within Ruins Dolerite drill tested by Buxton at the Merlin Prospect returned nickel-copper-cobalt sulphide mineralisation (Figure 5).



**Figure 5. Merlin Ni-Cu-Co discovery map with EM conductor plates, drill hole traces, and significant NiEq<sup>5</sup> intercepts on local geology (source Buxton Resources website).**

<sup>4</sup> Buxton Resources ASX announcement dated 2 November 2015

<sup>5</sup> NiEq calculation used by Buxton Resources as provided in ASX announcement 11 March 2019 –

Ni equivalent calculation:  $Ni\% \text{ Equiv.} = (Ni\% \times Ni \text{ recovery}) + ((Cu\% \times Cu \text{ recovery}) \times (Cu \text{ price}/Ni \text{ price})) + ((Co\% \times Co \text{ recovery}) \times (Co \text{ price} / Ni \text{ price}))$  where Ni = US\$13,450/t, Cu = US\$6,553/t, Co = US\$33,000/t. Metal prices sources from LME 5<sup>th</sup> March 2019. Ni recovery = 94%, Cu recovery = 99% and Co recovery = 88%. Recovery values based on preliminary metallurgical testwork as reported ASX:BUX 16 August 2017.

## Deal Structure

The total consideration payable by Stavely Minerals to Chalice Mining for the Transaction is:

- (a) \$50,000 cash, paid as a Deposit;
- (b) \$950,000 worth of fully paid ordinary shares in the capital of SVY (SVY Shares), at a deemed issue price equal to the five-day volume weighted average price of SVY's shares as traded on the Australian Securities Exchange (5-day VWAP) up to and including the day prior to the execution of the Definitive Agreement;
- (c) \$350,000 of performance rights which convert to ordinary shares, subject to the satisfaction of the milestone of NWN receiving approval of the five-year extension of the term of E04/2299 on or before 31 January 2024; and
- (d) \$50,000 of performance rights which convert to ordinary shares, subject to the satisfaction of the milestone of NWN receiving approval of the five-year extension of the term of E04/2325, on or before 31 January 2024.

The Non-binding Term Sheet includes the following key terms:

- execution of a binding Definitive Agreement to replace the Terms Sheet;
- execution of a deed of assignment and assumption by Stavely Minerals with the previous Vendors of NWN in accordance with the Binding Terms Sheet dated 17 June 2019 between Chalice Mining, NWN and those Vendors regarding deferred consideration rights<sup>6</sup>, in a form reasonably satisfactory to Stavely Minerals; and
- NWN acquiring a 100% unencumbered interest in E04/2325 and E04/2299, except for alluvial rights granted to Kimberley Minerals Ltd in accordance with the terms of the Sale Deed, and NWN acquiring a 100% unencumbered interest in E04/2784.

Yours sincerely,



**Chris Cairns**  
**Executive Chair and Managing Director**

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<sup>6</sup> Contingent deferred consideration from June 2019 when Chalice Mining acquired North West Nickel Pty Ltd, whereby, subject to the following milestones being achieved at the Ruins Project, Stavely will pay to the 2019 vendors of NWN:

- A\$1.75 million in cash or Stavely scrip, at Stavely's election, within 60 days of Stavely releasing to the ASX a Mining Scoping Study or Feasibility Study in relation to the Project;
- A\$4.5 million in cash or Stavely scrip, at Stavely's election, within 60 days of commencement of commercial production and cumulative gross sales exceeding A\$300 million from the Project.

Any future issuance of Stavely shares to the 2019 vendors of NWN remains subject to shareholder approval, as required, and will be priced according to the 20-day Volume Weighted Average Price (VWAP) at point of milestone completion.

*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 Australasian 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.*

Authorised for lodgement by Chris Cairns, Executive Chair and Managing Director.

**For Further Information, please contact:**

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