HALF-YEAR REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

ASX Code: SVY

Issued Shares: 156M

Cash Balance: $2.3M

ABN 33 119 826 907

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Highlights

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

- Diamond drill results including:
  - SMD023 – mineralisation in sulphide-rich D veins includes:
    - 14m at 0.36% copper
    - 16m at 0.34% copper
    - 10m at 0.37% copper, 0.20 g/t gold and 93 g/t silver
  - SMD024 – polymetallic mineralisation in porphyry D veins includes:
    - 3m at 1.24% copper, 0.35 g/t gold, 13 g/t silver, 2.45% zinc and 0.40% lead;
    - 13m at 0.38% copper and 4 g/t silver
    - mineralisation in porphyry M veins including:
    - 70m at 0.22% copper
  - SMD025 – wide, low-grade copper mineralisation including:
    - 35m at 0.16% copper
    - 46m at 0.14% copper
  - SMD028 – strong copper-gold mineralisation including:
    - 73m at 0.32% copper and 0.13 g/t gold
  - SMD029W1 – broad zone of low-grade mineralisation including:
    - 314m at 0.11% copper
  - SMD032 – high-grade structurally controlled lode-style copper-gold mineralisation including:
    - 63m at 0.84% copper and 0.11 g/t gold
  - SMD035 – strong mineralisation including:
    - 39m at 0.31% copper
  - SMD036 – strong copper mineralisation including:
    - 13m at 0.45% copper
- The character of the mineralisation in SMD032 is massive to semi-massive sulphide with pyrite-chalcopyrite-bornite-covellite and late hypogene chalcocite. It is interpreted to represent structurally controlled lode-style copper-gold mineralisation. There is the potential to both target this system at shallower levels and to follow it towards a porphyry source.
- Technical review based on new age dating, sulphur isotopes, whole-rock geochemistry and SWIR spectrometry data has confirmed that the targeted copper-gold porphyry continues to demonstrate all the attributes of a well-mineralised porphyry system that is likely to be preserved at depth.

Major Achievements

- Observations from drill hole SMD042 have resulted in a change in focus in the drilling from the north to the south. The north south structure (NSS) was intersected significantly higher up in SMD042 than expected indicating that there has been a 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.
- The occurrence of lode-style copper-silver-gold mineralisation intersected in drill hole SMD032 and other previously reported drill holes provides a target in its own right. There is clear potential to both target this style of mineralisation at shallower levels and to follow it towards the source porphyry intrusion.
- The Company's maiden drill programme at Mount Stavely porphyry prospect has intersected porphyry zones, minor copper mineralisation and low temperature epithermal quartz veins and sulphides in separate drill holes.
- Two drill-ready targets have been identified at the Ravenswood Project in Queensland. The Connolly North prospect, located ~15km from the Ravenswood Gold Mine and is considered similar to the Sarsfield mineralisation at Ravenswood, has returned rock chip results to 36 g/t gold and has never been drilled. The Dreghorn target is a low-sulphidation epithermal target similar to the Pajingo Gold Mine.
- Application rights were granted to Stavely Tasmania Pty Ltd, a wholly owned subsidiary, to explore the high-grade historic Mathinna Goldfield in Tasmania, including the New Golden Gate Mine with historical hard-rock production of 254,000oz at an average grade of 26 g/t gold.
- The Company was granted the right to apply for Block 3 in the Victorian Government's Stavely Ground Release Tender. Block 3 is located adjacent to the existing tenement holding at the Stavely Copper-Gold Project and further consolidates the Company's dominant tenure position in the Stavely Volcanic Arc of western Victoria.

Outlook

Stavely Minerals is making significant advances in its search for a well-mineralised copper-gold porphyry at Thursday's Gossan. All of the indications are that the system is very hydrous ('juicy'), strongly oxidised and well-endowed with metal, 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.

Recent drilling at Mount Stavely, the only drilling ever conducted on this target, has intercepted porphyry-related chalcopyrite and bornite mineralisation. The Ravenswood Project has two drill-ready targets set for testing in late March. The Company has been granted priority application rights to the high-grade Mathinna Goldfield in Tasmania.

The outlook for exploration success within Stavely Minerals' portfolio of 100% owned and Earn-in and Joint Venture properties has never been better. Metals markets for Stavely Minerals' target commodities – copper and gold – are at very healthy price levels and the outlook is excellent for both.

Needless to say, Stavely Minerals' Board and Management are very excited about the Company's prospects in the next half-year period.

CONTENTS

Directors

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

Company Secretary
Amanda Sparks

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Chartered Accountants
38 Station Street
Subiaco Western Australia 6005

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 2018.

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.

William Plyley (passed away 20 November 2018)
Christopher Cairns
Jennifer Murphy
Peter Ironside
Amanda Sparks (appointed 14 September 2018)

PRINCIPAL ACTIVITY

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

REVIEW AND RESULTS OF OPERATIONS

SUMMARY OF FINANCIAL PERFORMANCE

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

	Six Months Ended 31 December 2018	Six Months Ended 31 December 2017
	$	$
Cash and cash equivalents held at half-year end	2,342,914	1,088,816
Net profit/(loss) for the half-year after tax	(4,796,882)	(2,544,716)
Basic profit/(loss) per share (cents)	(3.14)	(2.08)
Net cash (used in) operating activities	(4,108,694)	(1,430,292)
Net cash (used in) investing activities	(93,750)	(7,301)
Net cash (used in) financing activities	(13,683)	(12,692)

During the half-year:

- Expenditure on exploration totalled $3,003,761 (2017 half year: $1,130,332).
- 2,362,594 ordinary shares ($695,013) 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.

SUMMARY OF OPERATIONS

Exploration during the half-year at the Company's western Victoria copper gold projects included diamond drilling at the Thursday's Gossan copper-gold porphyry prospect and at the Mount Stavely prospect in the Stavely Project (Figure 1). The drilling results, as well as other technical data received during the half-year at Thursday's Gossan continues to provide indications that a well-mineralised copper-gold porphyry system is likely to be preserved at depth. Key attributes of the system include – it is hydrous (lots of fluid to carry metal), strongly oxidised (has a high copper-gold transport capacity), has a high endowment in both copper and gold (as illustrated by high-grade porphyry D veins and structurally-controlled lode-style copper-gold intercepts) and all indications are that it is preserved at depth.

The maiden drill programme at Mount Stavely porphyry prospect has intersected related chalcopyrite-bornite minor copper mineralisation and low temperature epithermal quartz veins and sulphides in separate drill holes.

At the Company's Ravenswood Project in north Queensland approvals have been received to conduct the drilling at the Area 8 prospect in the Dreghorn Project and the Connolly North prospect. Arrangements have been made to conduct the cultural heritage clearance of the proposed drill sites in advance of drilling.

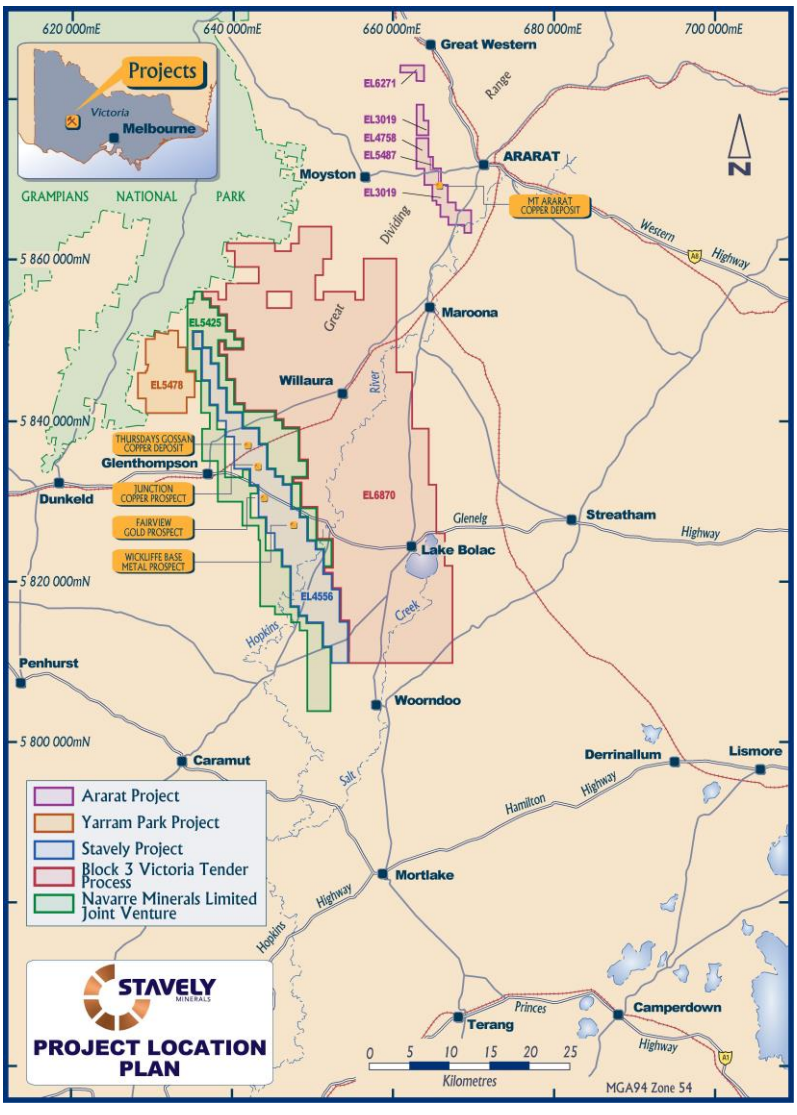

Figure 1. Western Victoria Project location plan.

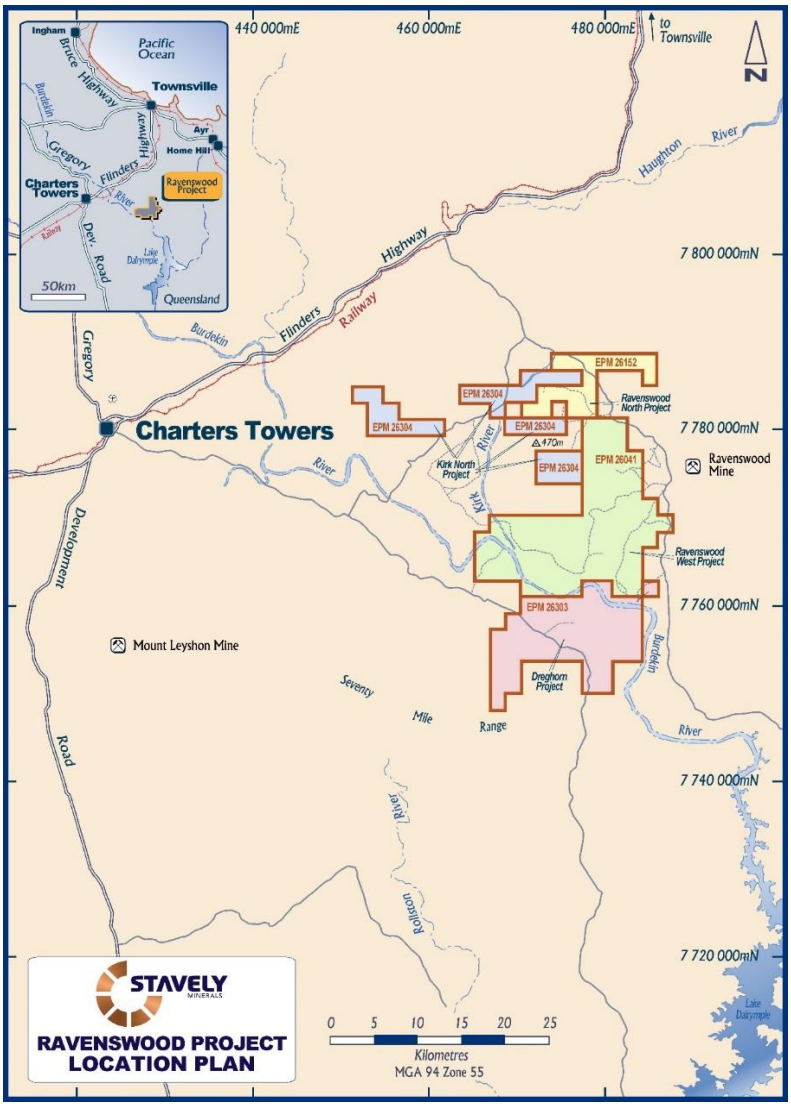

Figure 2. North Queensland Project location plan.

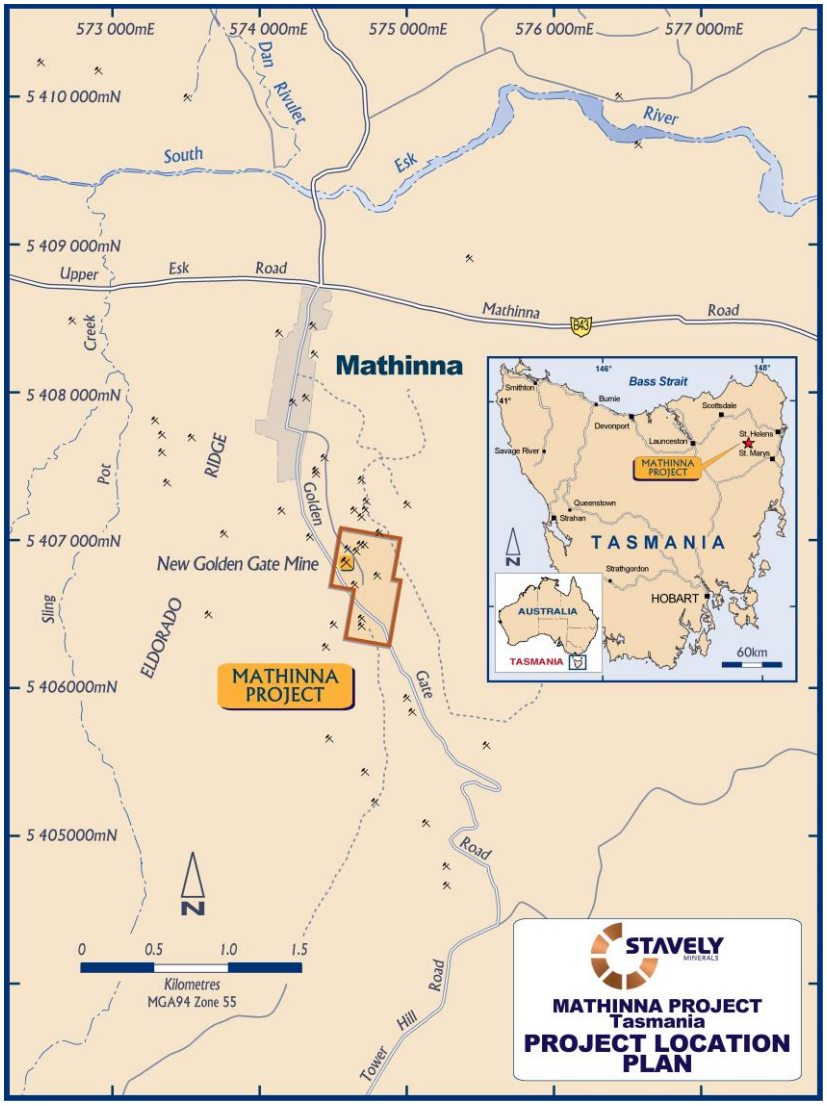

Figure 3. Mathinna Project location plan.

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

Honeysuckle Gold Prospect

During the half-year, assay results were received for the two diamond holes drilled at the Honeysuckle gold prospect as part of the Victorian Government TARGET minerals exploration initiative (Figure 4). Selected intervals of interest and representative samples down the holes were submitted to Australian Laboratory Services (ALS) in Adelaide for gold and multi-element geochemical analysis.

A low amplitude anomalous chargeable feature located beneath the historical Honeysuckle gold workings was the target of diamond drill hole SADD008. This hole was drilled to a depth of 317m and predominantly intersected a phaneritic medium grained granodiorite. In drill hole SADD008 a 100mm wide quartz vein at 15 metres at the hard-rock interface returned 1 metre at 0.12 g/t gold and 122 ppm arsenic, with slightly elevated zinc (140 ppm). Apart from this intercept, no other anomalous gold values or pathfinder elements were returned in SADD008.

Diamond hole SADD009 was drilled to test a Category 1 chargeability anomaly which is moderately resistive with a coincident strong magnetic feature. This hole intersected a fine grained, variably foliated, strongly magnetic meta-basalt from fresh rock at 20.7m to the end of hole at 293.6m. In drill hole SADD009 an anomalous gold result of 1 metre at 0.78 g/t was returned from 187 metres with slightly elevated arsenic (10 ppm). The interval was logged as a quartz- biotite schist with foliation-controlled quartz-epidote ± garnet veining between 1 to 20mm width with pyrrhotite. Apart from this intercept, no other anomalous gold values or pathfinder elements were returned in SADD009.

Carroll's VMS Prospect

Assay results were received for diamond hole SADD010, which was drilled as part of the Victorian Government TARGET minerals exploration initiative at the Carroll's VMS prospect. SADD010 was drilled to test the off-hole response returned from the DHEM survey conducted on diamond hole SADD005 (Figure 5). The hole was drilled to a depth of 527.5m and intercepted fine grained, foliated metabasalt to 182.7m, then a highly foliated quartz-biotite schist unit interbedded with metabasalt to the end of hole. Disseminated trace pyrite, chalcopyrite and pyrrhotite were observed throughout the hole.

SADD010 twinned drill hole SADD005 to a depth of 317m, and as such sampling of SADD010 was only done from 310m to 527.5m, with samples taken at 10 metre spacing and submitted to ALS in Adelaide for gold and multi-element geochemical analysis. No anomalous base metals results were returned from drill hole SADD010.

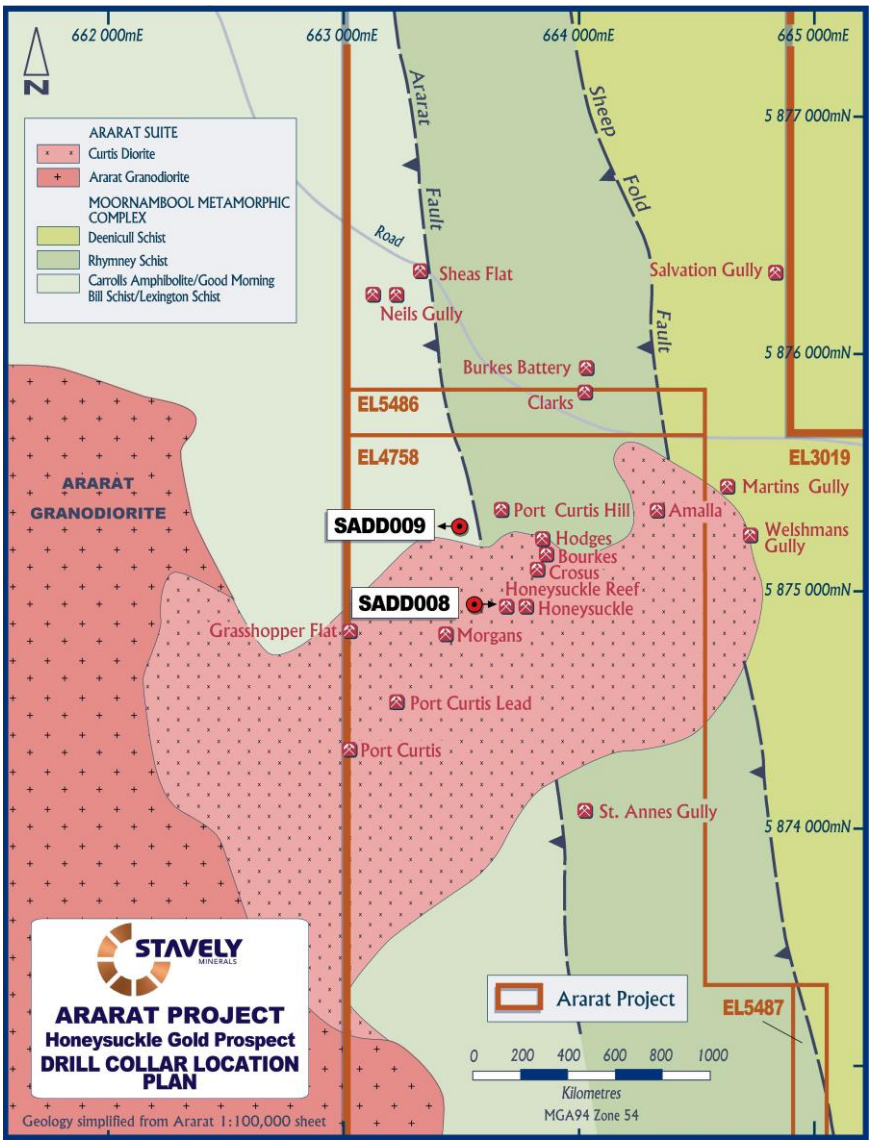

Figure 4. Honeysuckle Gold prospect drill collar location plan.

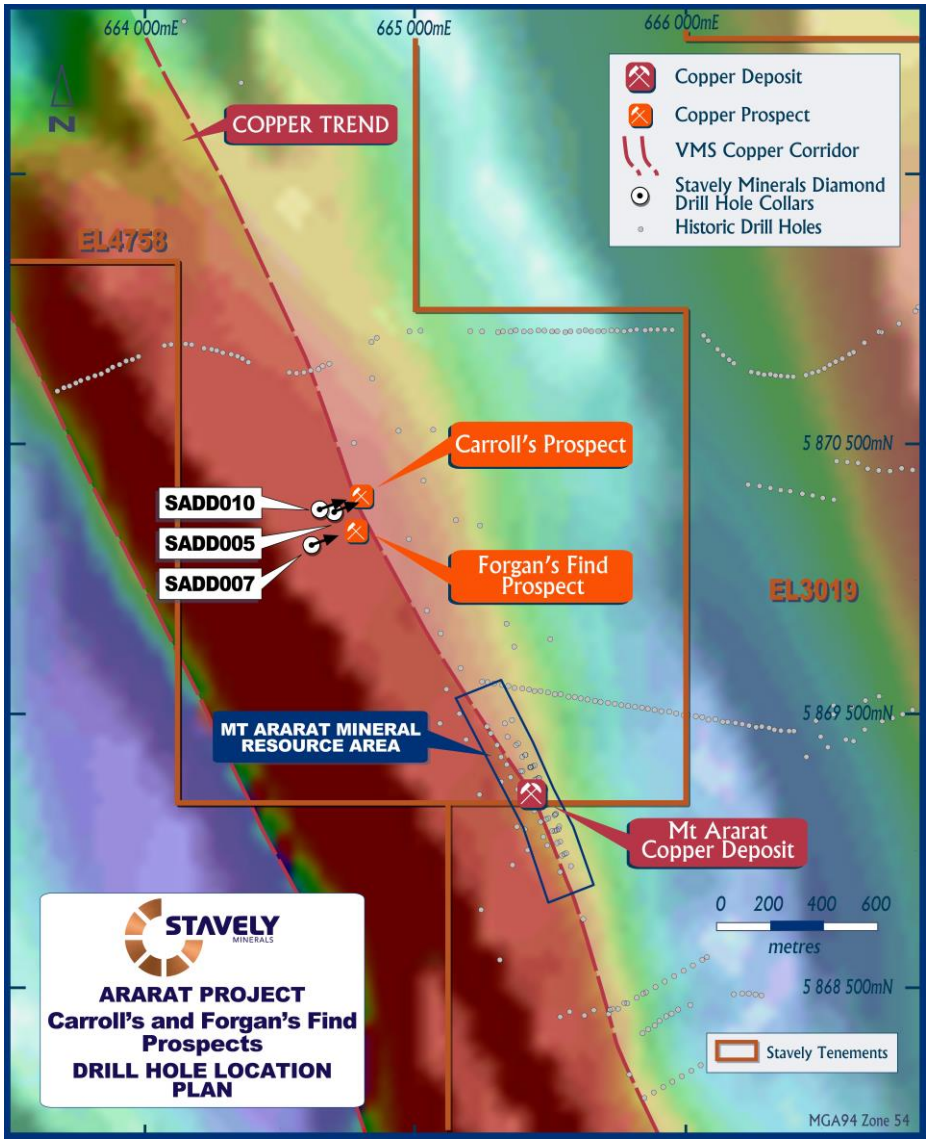

Figure 5. Carroll's VMS prospect drill collar location plan.

STAVELY PROJECT (EL 4556)

During the half-year, fourteen diamond drill holes (SMD029 to SMD042) for 7,489.8m were completed at the Thursday's Gossan copper- gold porphyry prospect (Figure 6).

Drill holes SMD029 to SMD034 were drilled to test magnetic anomalies within the vicinity of Thursday's Gossan (Figure 7).

Drill hole SMD029 had to be wedged (SMD029W1) due to drilling problems in the original hole. SMD029W1, designed to test aeromagnetic anomaly 'D' (Figure 7), intercepted the low-angle structure (LAS) at 520m and the north-south structure (NSS) at around 690m drill depth and 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 1.04 g/t gold from 652m drill depth
  - 4m at 0.44% copper, 0.10 g/t gold and 3.9 g/t silver from 690m drill depth, and
  - 76m at 0.16% copper from 745m drill depth, including:

- 1m at 0.51% copper and 0.12 g/t gold from 757m drill depth; and
- 5m at 0.34% copper from 785m drill depth

The broad interval of 314m at 0.11% copper straddles both the west and east sides of the NSS (Figure 8). The interval of 4m at 0.44% copper and 0.10 g/t gold is located on the NSS. Also of interest, is the fact that the intercept of 76m at 0.16% copper is hosted in sandstone with chalcopyrite-magnetite mineralisation on fracture surfaces, similar to that in SMD028.

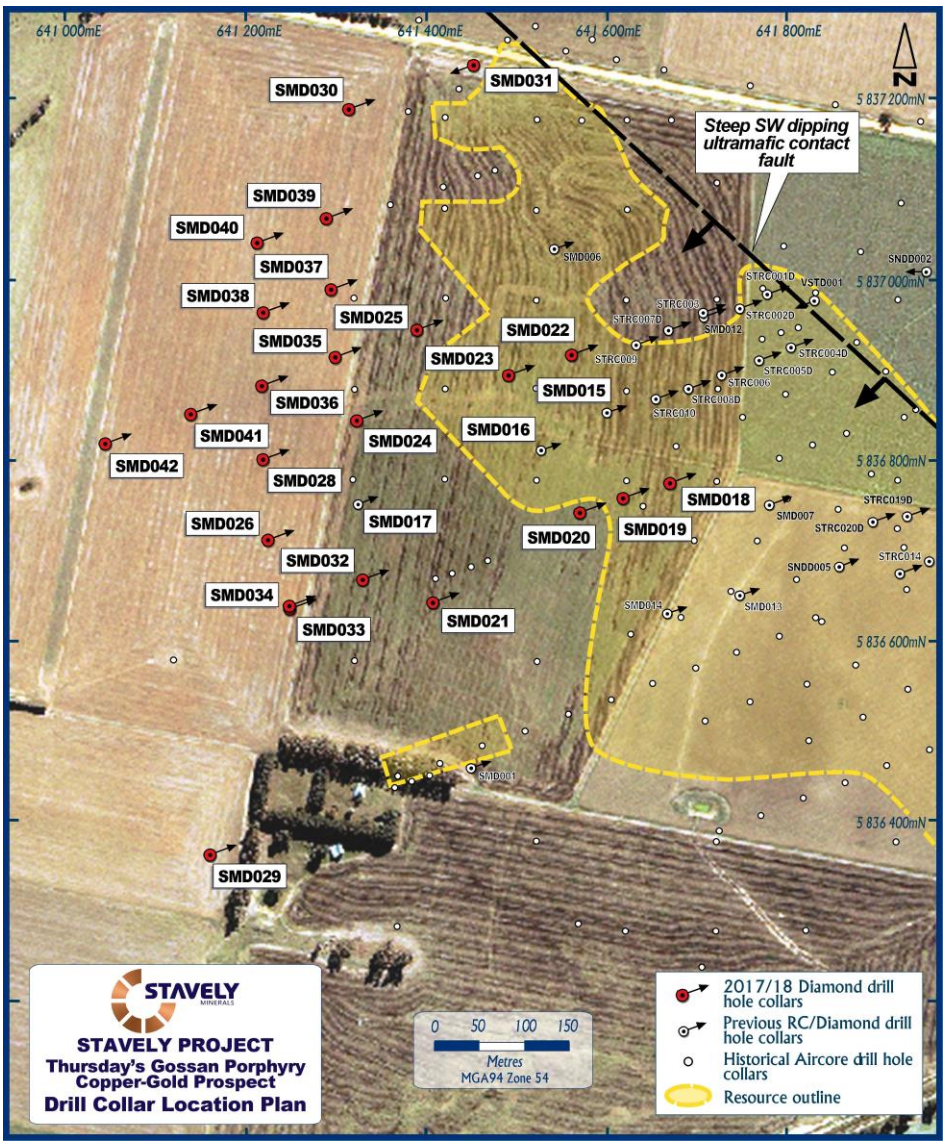

Figure 6. Thursday's Gossan - collar location plan.

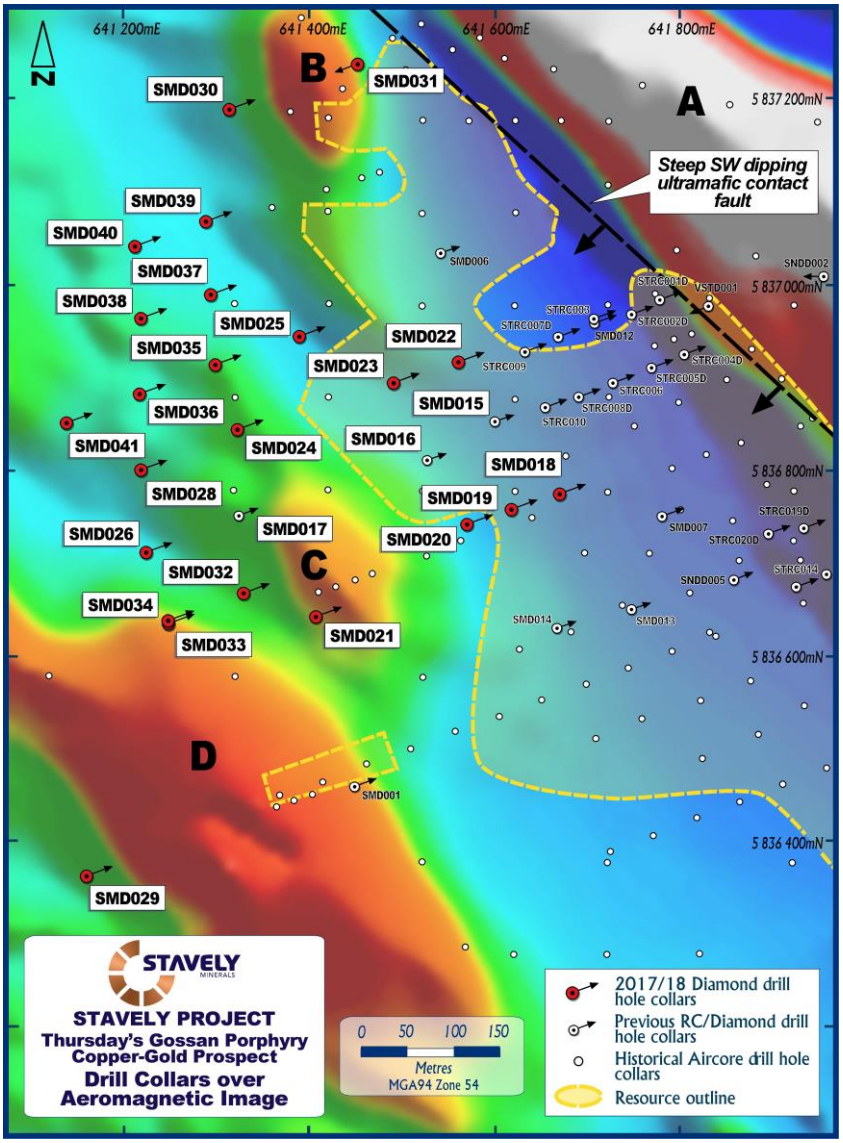

Figure 7. 1VD magnetic image of the area of interest at Thursday's Gossan with drill collars overlaid. Magnetic features of note annotated A to D.

Drill hole SMD030 failed and subsequently SMD031 was drilled in the opposite direction targeting the same magnetic feature (magnetic anomaly 'B') located in the north of the prospect area. Drill hole SMD031 intersected +45m of hydrothermal breccia (in two intervals) with hematite-altered porphyry clasts hosting magnetite and trace bornite mineralisation (Figure 9). While the breccia intervals are not well mineralised, the footwall zones to the west of both breccia intervals do host copper mineralisation and patchy gold mineralisation, including:

- 16m at 0.18% copper from 109m drill depth
- 61m at 0.16% copper from 164m drill depth, including
  - 1m at 2.37% copper, 0.52 g/t gold and 29 g/t silver from 206m drill depth, and
  - 1m at 1.48% copper, 0.16 g/t gold and 25 g/t silver from 339m drill depth

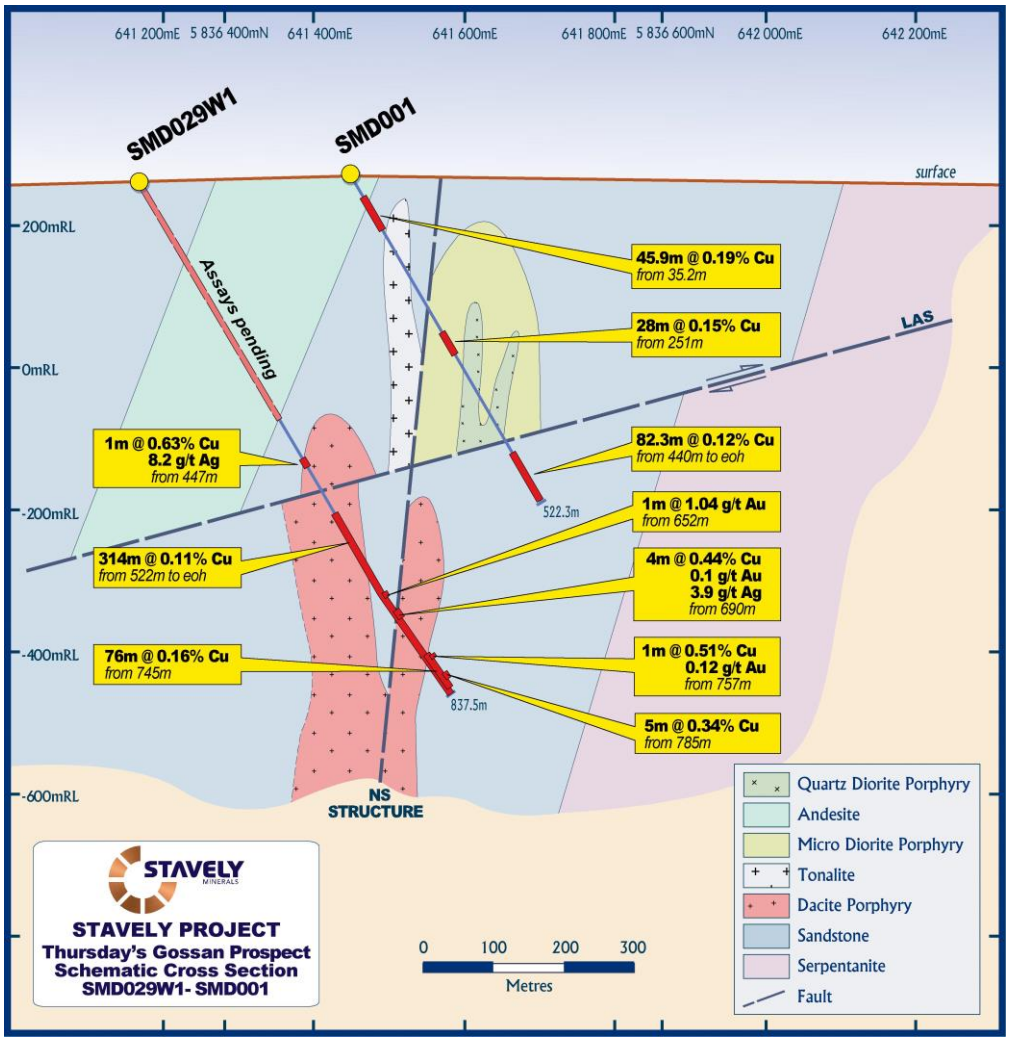

Figure 8. Cross-section for SMD029W1.

SMD032 intersected strongly magnetic intrusive dacite and zones of extremely strong magnetite dissemination in sandstone – all above the LAS – and adequately explained the aeromagnetic anomaly 'C' (Figure 7). 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 structurally-controlled lode-style copper-gold-silver mineralisation, including (Figure 10):

- 63m at 0.84% copper and 0.11 g/t gold from 517m drill depth, including:
- 6m at 6.73% copper, 0.84 g/t gold and 15 g/t silver from 538m drill depth, including:
  - 1m at 22.8% copper, 0.91 g/t gold and 48 g/t silver from 542m drill depth, and
  - 2m at 2.43% copper, 0.28 g/t gold and 4.9 g/t silver from 551m drill depth

The high-grade copper intercepts of 6m at 6.73% copper and 2m at 2.43% copper are separated by a late mineral dacite dyke that possibly intruded into and destroyed some 7m of high-grade copper-gold mineralisation between the current intercepts. Given the late network veining of chalcocite in the very high-grade interval of 1m at 22.8% copper, 0.91 g/t gold and 48 g/t silver, it is also possible that the late dacite dyke has remobilised and enriched the copper mineralisation in this interval.

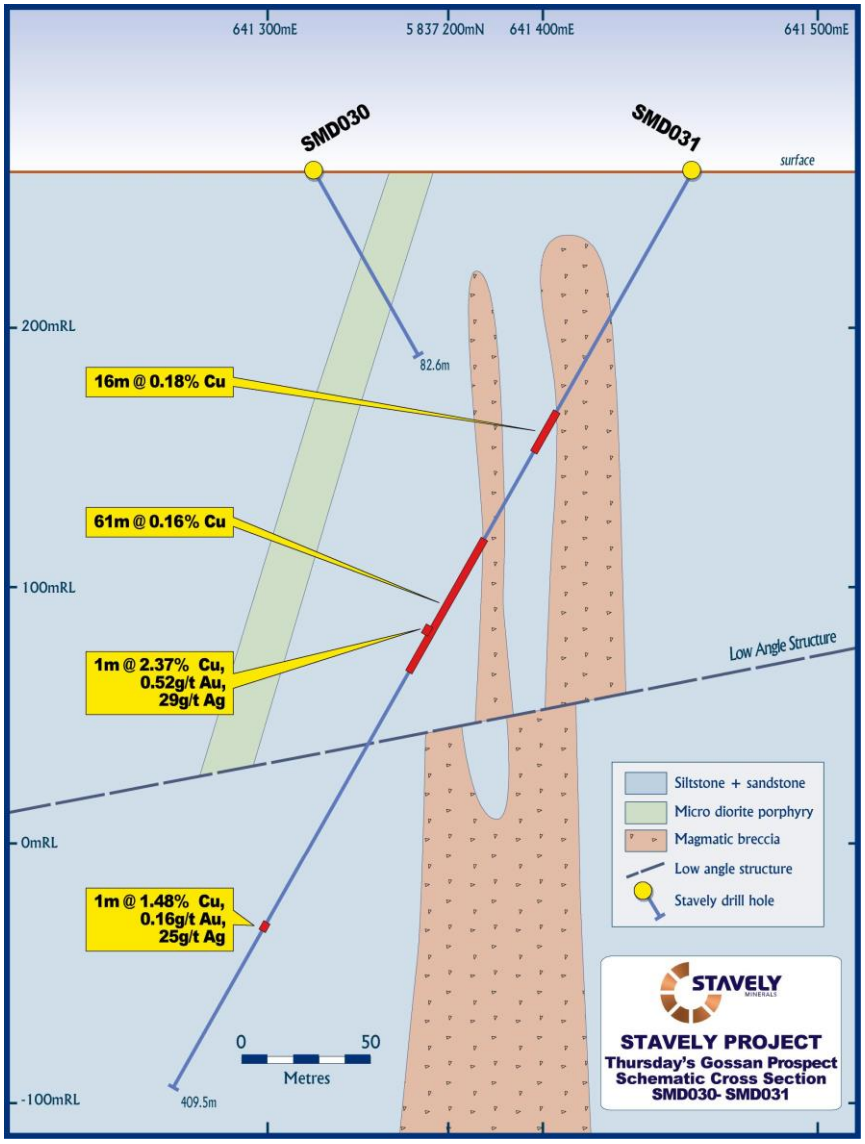

Figure 9. Cross-section for SMD031.

The character of the mineralisation is massive to semi-massive sulphide with pyrite-chalcopyrite-bornite-covellite and late hypogene chalcocite and is interpreted to represent structurally-controlled lode-style copper-gold mineralisation. Structurally-controlled lode-style systems are porphyry-related mineralised systems that can be very significant copper-gold deposits in their own right. The Magma Mine in Superior, Arizona is a type example and is related to the Resolution Porphyry. Recognition of this style of mineralisation is significant in that:

1. The high-grade copper-gold mineralisation is an exploration target in its own right, and
2. The structure can be followed to the porphyry source.

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

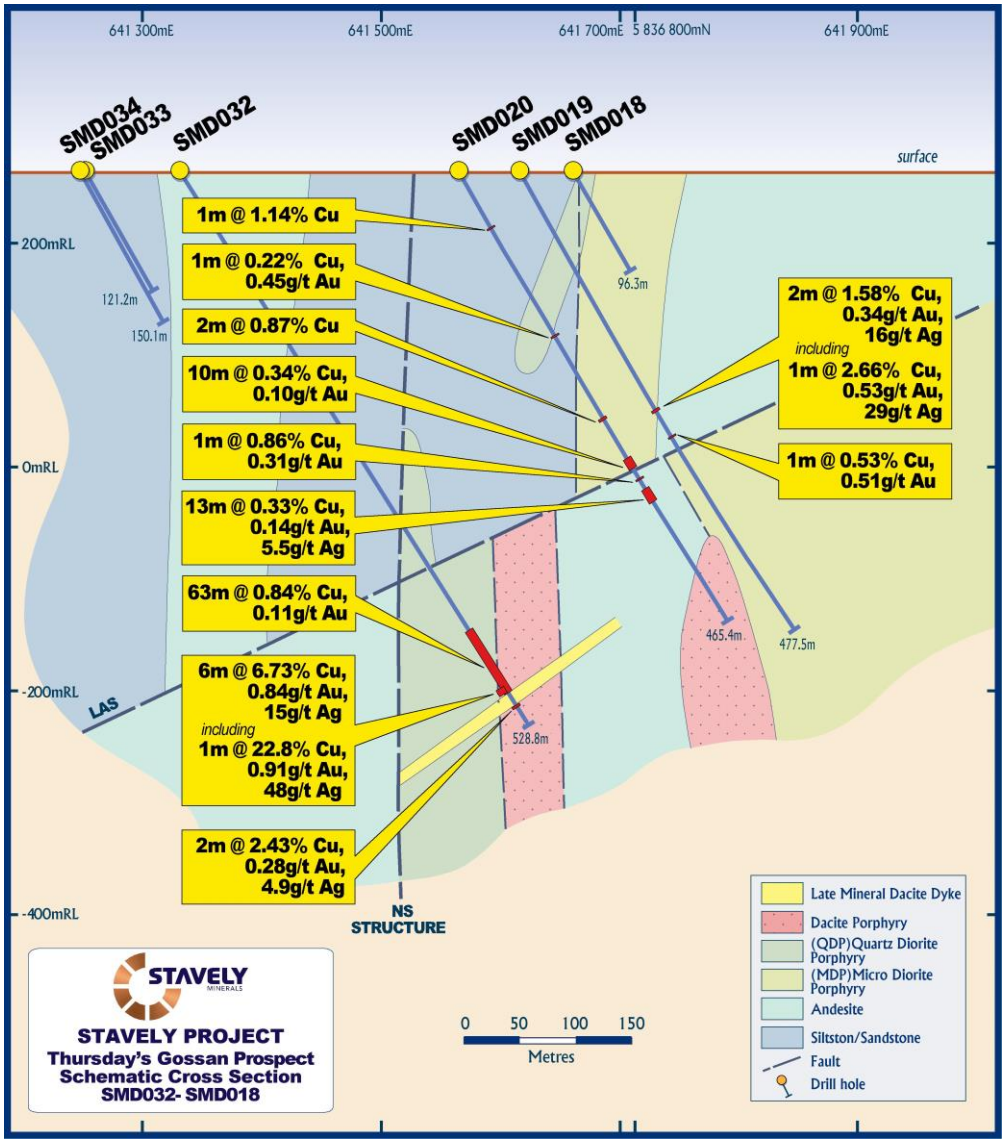

Figure 10. Cross-section for SMD032.

The occurrence of chalcopyrite intergrown with the M veins in SMD024, which returned 70m at 0.22% copper, including 3m at 1.01% copper, 0.16 g/t gold and 8 g/t silver and the hydrothermal breccia in SMD031 provided encouragement to continue drilling in areas to the north-west where there has been no previous drilling. Drill holes SMD035 through to SMD040 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 (Figure 6).

Consistent with this strategy, drill hole SMD041 and SMD042 were drilled behind SMD036 which had intercepted porphyry M veins on the west side of the NSS (Figure 6).

Assay results from diamond hole SMD035 have returned strong intervals of copper-gold mineralisation (Figure 11):

- 39m at 0.31% copper from 363m drill depth, including:
  - 5m at 1.10% copper and 0.15g/t gold from 364m drill depth

Similar to SMD025, the mineralised interval below the LAS in SMD035 is hosted in the high-phosphorous micro-diorite and the high-grade interval of 5m at 1.10% copper and 0.15 g/t gold at the top of the mineralised interval is likely on a portion of the NSS.

Assay results from diamond hole SMD036 have also returned a short interval of strong copper-gold mineralisation (Figure 11):

- 13m at 0.45% copper from 551m drill depth, including:
  - 2m at 1.73% copper and 0.20 g/t gold from 552m drill depth

Again, the high-grade interval of 2m at 1.73% copper and 0.20 g/t gold is at the start of the mineralised interval hosted on the NSS.

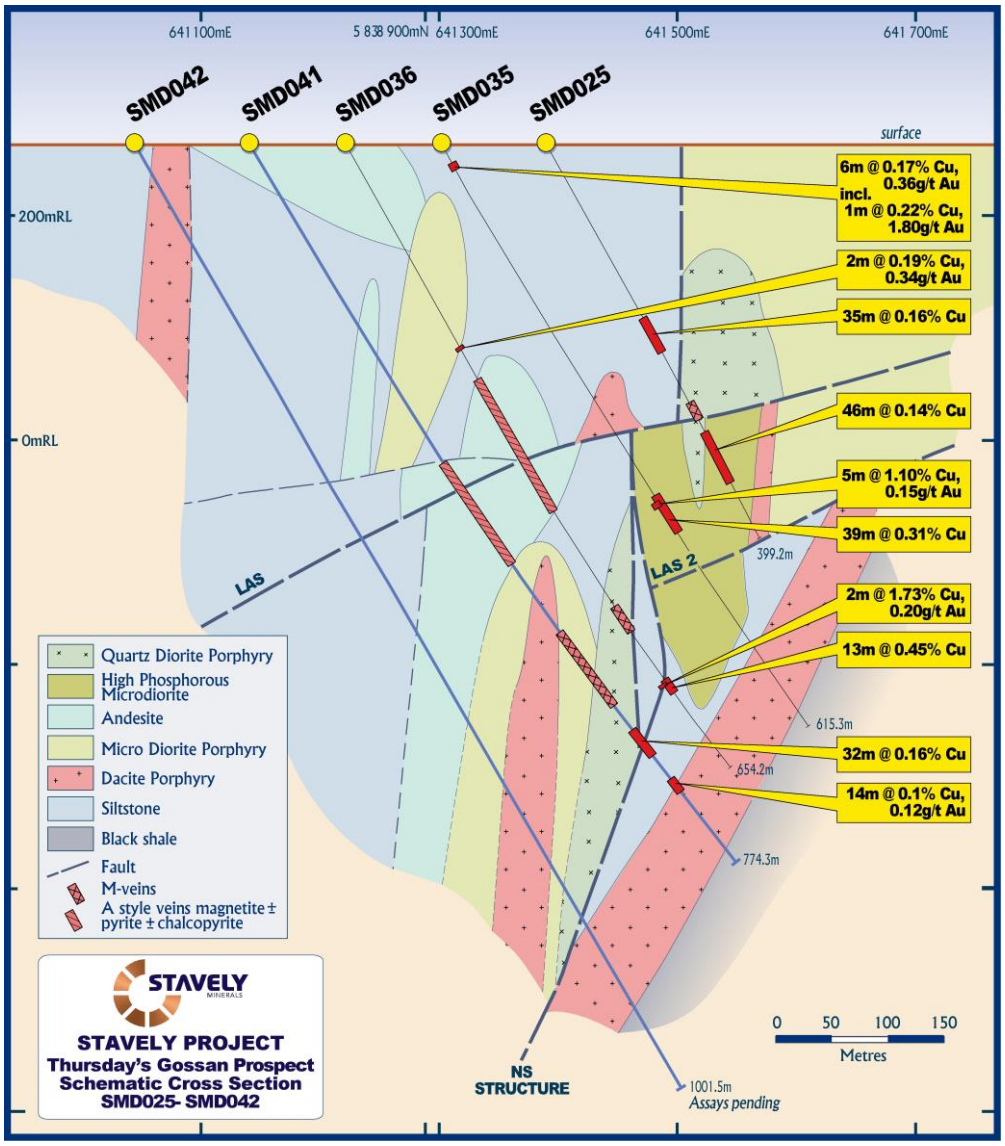

Figure 11. Cross-section for SMD042, SMD041, SMD036, SMD035 and SMD025.

Holes SMD037 and SMD038 were drilled to target the northern extension of the M veins in SMD035 (Figure 6). In drill hole SMD037, below the LAS and to the west of the NSS, drilling intercepted patchy hematite and disseminated magnetite altered sandstone/siltstone, quartz diorite porphyry and andesite. Epidote alteration, porphyry B style veins and occasional porphyry M veins were also observed. In drill hole SMD038, below the LAS and to the west of the NSS which was intersected at

between 500m and 533m, drilling encountered sandstone, quartz diorite porphyry and dacite porphyry which display sericite chlorite alteration with some disseminated magnetite and rare magnetite - quartz M veins.

Hole SMD039 was drilled to the north of SMD037 to target the northern extension of the M veins in SMD037. To the west of the NSS, drilling predominately intersected micro diorite with disseminated magnetite, trace disseminated bornite and epidote veins with weak epidote alteration halos.

Hole SMD040 was collared north of SMD038 to target the magnetite/ epidote alteration intersected in SMD039. Under the LAS and to the west of the NSS, patchy magnetite and epidote alteration, trace quartz-magnetite, pyrite and chalcopyrite as well as carbonate veining was observed in the siltstone/sandstone, micro diorite and dacite porphyry.

Drill holes SMD041 and SMD042 were targeting the core of the porphyry below the LAS and to the west of the NSS (Figure 6).

Assay results from diamond hole SMD041 returned weak copper-gold mineralisation/anomalism including:

- 32m at 0.16% copper from 621m drill depth, and
- 14m at 0.10% copper and 0.12 g/t gold from 680m drill depth

The mineralised interval 32m at 0.16% copper commences on the NSS and is hosted by a hydrothermal breccia with clasts of sandstone, mudstone and potassic altered dacite porphyry with quartz veins.

The interval of 14m at 0.10% copper and 0.12 g/t gold is associated with weakly developed anhydrite-pyrite ± chalcopyrite ± magnetite veins hosted in sandstone on the contact with the dacite porphyry.

Hole SMD042 was drilled to target the down-dip extension of the M veins and apalite vein-dykes intersected in SMD041. Observations from drill hole SMD042, completed to a depth of 1,001.5m in December 2018, have resulted in a change of focus from the north to the south for the drilling currently in progress. The NSS was intersected in SMD042 at 825m which was significantly higher up in the drill hole than the expected intercept at 1,050m. This indicates that there has been significant shallowing in the westerly dip of the NSS, which has the following implications:-

1. 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;
2. 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 during the half-year 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, does 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.

The consequence of this changed interpretation, given that the east side of the NSS is interpreted to be shifted to the south relative to the western block in a post-mineralisation dextral sense of movement, is that the target porphyry is located further to the south.

Subsequent to the half-year, drill hole SMD043 was collared but was terminated due to excessive deviation and drill hole SMD044 was collared in an adjacent location with the dip and azimuth adjusted to allow for drill hole drift such that the drill hole adequately tests the target zone at depth.

This drill hole is testing 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 and now SMD044 are testing a similar space but the drill rig has been turned around 180 degrees to drill from the opposite direction in better ground conditions. On the east side of the NSS, SMD032 intersected the target quartz diorite porphyry but not the target M veins. SMD032 did not intersect the NSS below the LAS and is interpreted to have drilled over the top of the target zone being tested by SMD044.

There is reasonable evidence to suggest that the mineralised QDP and micro-diorite porphyry intrusions are plunging to the south and SMD044 has been designed to intersect these intrusions on the east side/below the NSS at depth. While the geometries are difficult to explain by written description, the new interpreted block model best illustrates the spatial relationships and structural movements (Figure 12).

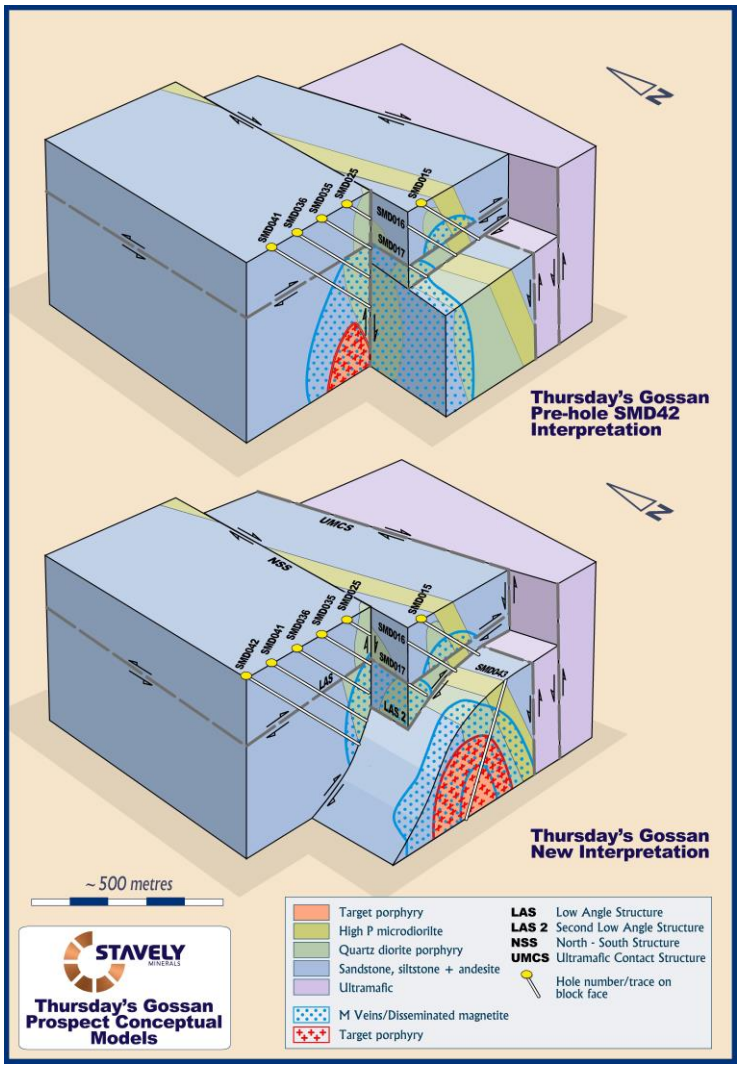

Figure 12. Thursday's Gossan prospect conceptual models.

Assay results for holes SMD024, SMD025 and SMD026 drilled during the previous half-year were received.

The interval in SMD024, where the M vein interval coincides with copper mineralisation (Figure 13) including:

- 70m at 0.22% copper from 372m drill depth, including:
  - 3m at 1.01% copper, 0.16 g/t gold and 8 g/t silver from 372m drill depth

has identified chalcopyrite copper sulphide inter-grown with the M veins.

While SMD026, drilled to test below the M veins intersect in SMD017 did not intersect a significant M vein interval, but did encounter zones of strong copper-gold mineralisation including (Figure 14):

- 1m at 5.68 g/t gold from 228m drill depth
- 28m at 0.21% copper and 0.27 g/t gold from 355m drill depth, including;
  - 6m at 0.25% copper and 0.61 g/t gold from 363m drill depth; and
- 9m at 0.35% copper and 0.11 g/t gold from 372m drill depth
- 1m at 1.09% copper and 4.6 g/t silver from 457m drill depth
- 6m at 0.60% copper, 0.30 g/t gold from 575m drill depth
- 1m at 2.32% copper, 0.80 g/t gold and 16.4 g/t silver from 628m drill depth

The 1m at 5.68 g/t gold intercept was associated with minor quartz-galena-sphalerite veins and could be interpreted as a more distal carbonate base-metal/precious metal style of mineralisation. Its location at shallow depth above the LAS so far west is of particular note.

Assay results from diamond hole SMD025 have returned wide, low-grade copper mineralised intervals, including (Figure 11):

- 35m at 0.16% copper from 173m drill depth; and
- 46m at 0.14% copper from 288m drill depth.

The interval of 35m at 0.16% copper is hosted in sandstone with disseminated hydrothermal magnetite, pyrite and chalcopyrite. It is observed in other drill hole intercepts that the mineralising fluids were able to travel significant distances in the more porous sandstone units and consequently these intercepts may not be a reliable indication of proximity to the porphyry source.

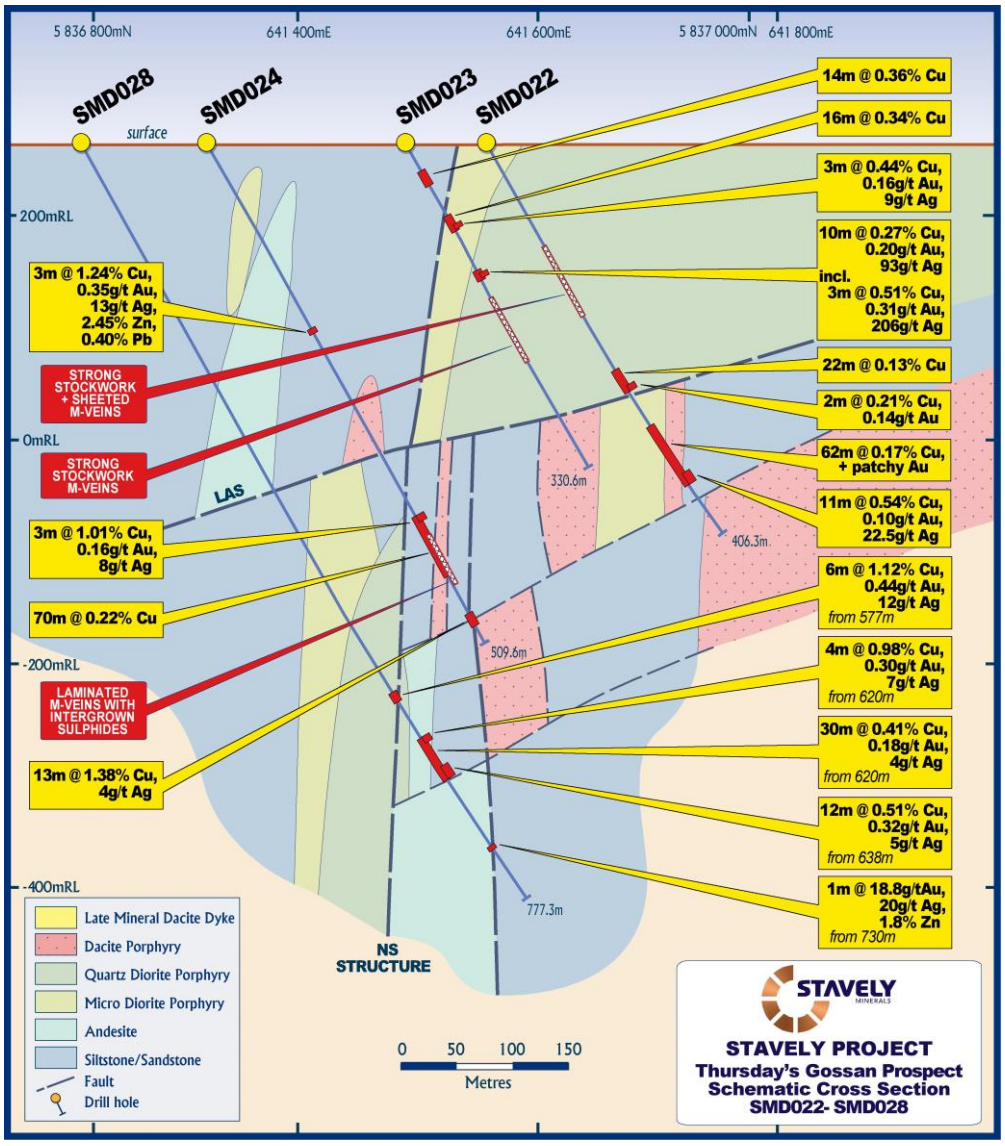

Figure 13. Cross-section for SMD024.

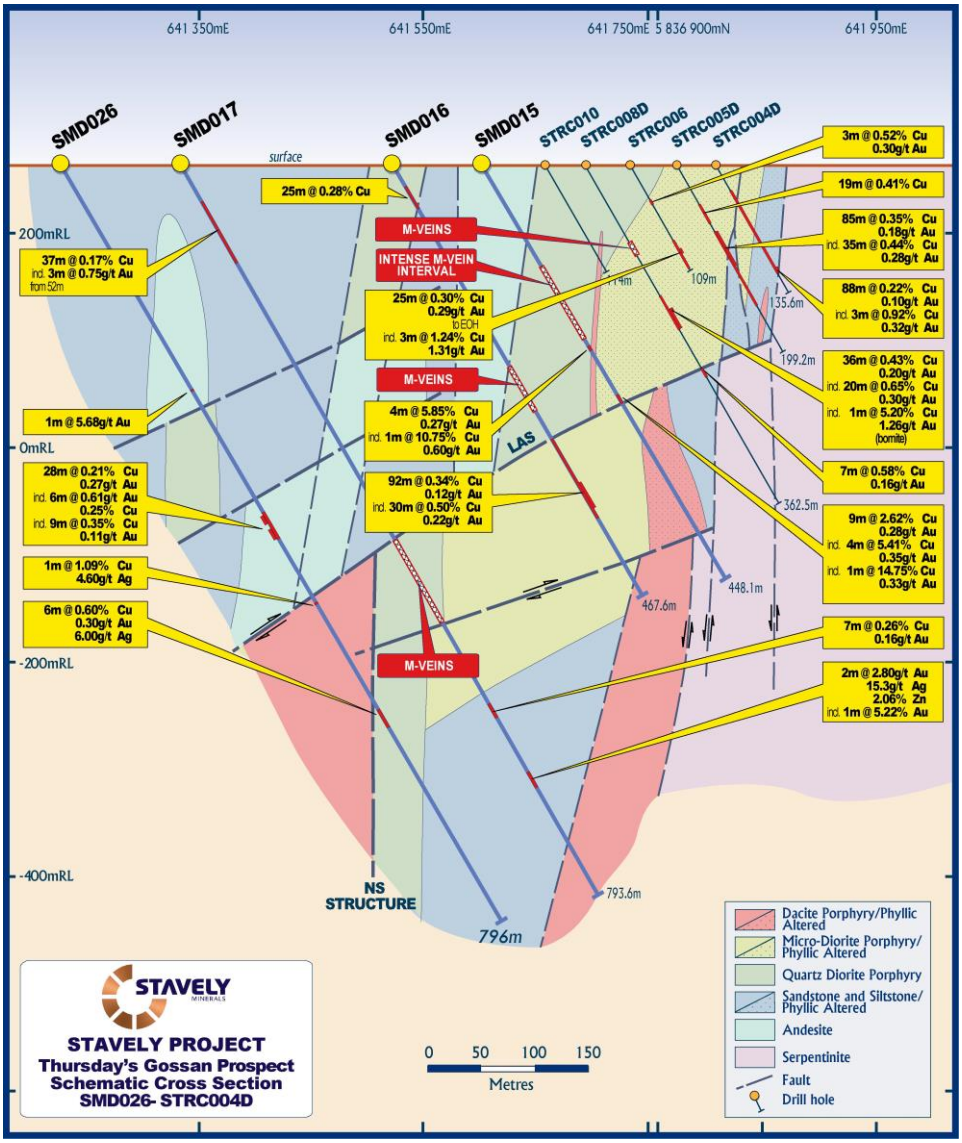

Figure 14. Cross-section for SMD026.

During the half-year, new age dates, sulphur isotope, whole rock and SWIR spectrometry data was received. Together with geologic observations from Stavely Minerals' geologists and Dr Greg Corbett's visit during the half-year, a review of the Thursday's Gossan Copper-Gold Project was conducted.

Dr Corbett concluded that there were many features which suggest the crustal level tested by the current drill programme lies above any speculated porphyry intrusion. These features include:

- Propylitic hydrothermal alteration dominated by epidote within the wall rocks, and actinolite-magnetite within veins such as the M veins. This alteration appears to overprint the regional scale phyllic-argillic alteration from an earlier phase porphyry.
- Abundant aplite dykes which locally evolve to form quartz vein-bearing A-M vein-dykes.
- Epidote veins overprint aplite dykes and some quartz-sulphide veins, which should be have been introduced earlier in the paragenetic sequence, indicating that the intrusion system displays a poly-phasal character considered important for the formation of economic porphyry copper-gold mineralisation.

- Porphyry-style veins expected to have formed at a low temperature in an elevated crustal setting include wall rock hosted linear porphyry A style veins with irregular margins and watery quartz as well as commonly sheeted, laminated M style porphyry veins.
- Abundant porphyry pyrite-chalcopyrite D veins include some that have evolved to take on a higher-sulphidation mineralogy.
- Some porphyry A veins in drill hole SMD026 with pyrite-chalcopyrite evolve to host low sulphidation carbonate-base metal Au style vein mineralisation characterised by pale Fe-poor sphalerite, and therefore formed at a low temperature in an elevated crustal setting.

The age dates indicate that the interpreted syn- / early copper-gold mineralisation quartz diorite porphyry (QDP) is younger than the regional intrusive suites and the 'Victor' porphyries targeted by previous explorers.

A total of 220 sulphur isotope results for pyrite / chalcopyrite have now been received plus an additional five sulphur isotope results from anhydrite sulphate / pyrite sulphide pairs:

- 65 samples returned very light isotopic values less than -3‰ ɗ34 sulphur – the -3‰ ɗ34 sulphur contour approximates the ore zone outline at the Cadia Ridgeway porphyry copper-gold mine;
- The distribution of lighter sulphur isotopes displays distinct spatial associations with:
    - High-sulphidation epithermal style high-grade copper-gold mineralisation; and
    - The margins of the QDP and microdiorites both above and below the LAS and both east and west of the NSS
- The pyrite / anhydrite sulphur isotope pairs display an inferred temperature of formation around 300°C, consistent with a high level of emplacement.

Whole-rock geochemistry indicates that the QDP and associated dacite porphyries, micro-granodiorites, and tonalite intrusives plot in Louck's 'fertile' field for western Pacific copper and copper-gold mineralised porphyries[1].

In particular, the V/Sc ratio maps out the strong hydrothermal system responsible for the porphyry M veins identified in a number of drill holes so far, and is proving to be a very useful vector in following the mineralisation as it is offset by a number of significant structures.

- Short-wavelength infra-red spectrometry demonstrates some correlation between:
    - The shorter-wavelength white mica spectral absorption features and the M vein zones; and
    - Fe-rich chlorites and the M vein zones, indicating a high level of emplacement.

The review concluded that the new data from several independent methods confirmed that the targeted copper-gold porphyry continues to demonstrate all the key attributes of a well-mineralised porphyry system which is likely to be preserved at depth – it is hydrous (lots of fluid to carry metals), strongly oxidised (has a high copper-gold transport capacity) has a high endowment in both copper and gold (as illustrated by high-grade porphyry D veins and structurally-controlled lode-style / high-sulphidation copper-gold intercepts) and all indications are that the causative porphyry is preserved at depth.

Mount Stavely 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 15).

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.

MSD001 was drilled on the western slopes of Mount Stavely to a depth of 564.4m. The hole intersected volcanic-lithic sandstone to a depth of 23m. Between 23m and 330m alternating andesite and diorite

[1] *Distinctive composition of copper-ore-forming arc magmas*, R.R. Loucks, 2014

porphyry was encountered. From 330m to the end of the hole, drilling intersected quartz diorite porphyry. An interval of pervasive hematite alteration of feldspars, trace to 2% pyrite stringers and clots, trace chalcopyrite clots with bornite rims and chalcopyrite mineralisation on fracture surfaces, with minor magnetite stringer veins were intersected from 352m to ~ 400m.

MSD002 was drilled closer to the Fairview gold prospect to a depth of 521m. The hole intercepted siltstone and mudstone before passing into andesite breccia and andesite with weak to moderate intervals of low temperature epithermal quartz veins and sulphides.

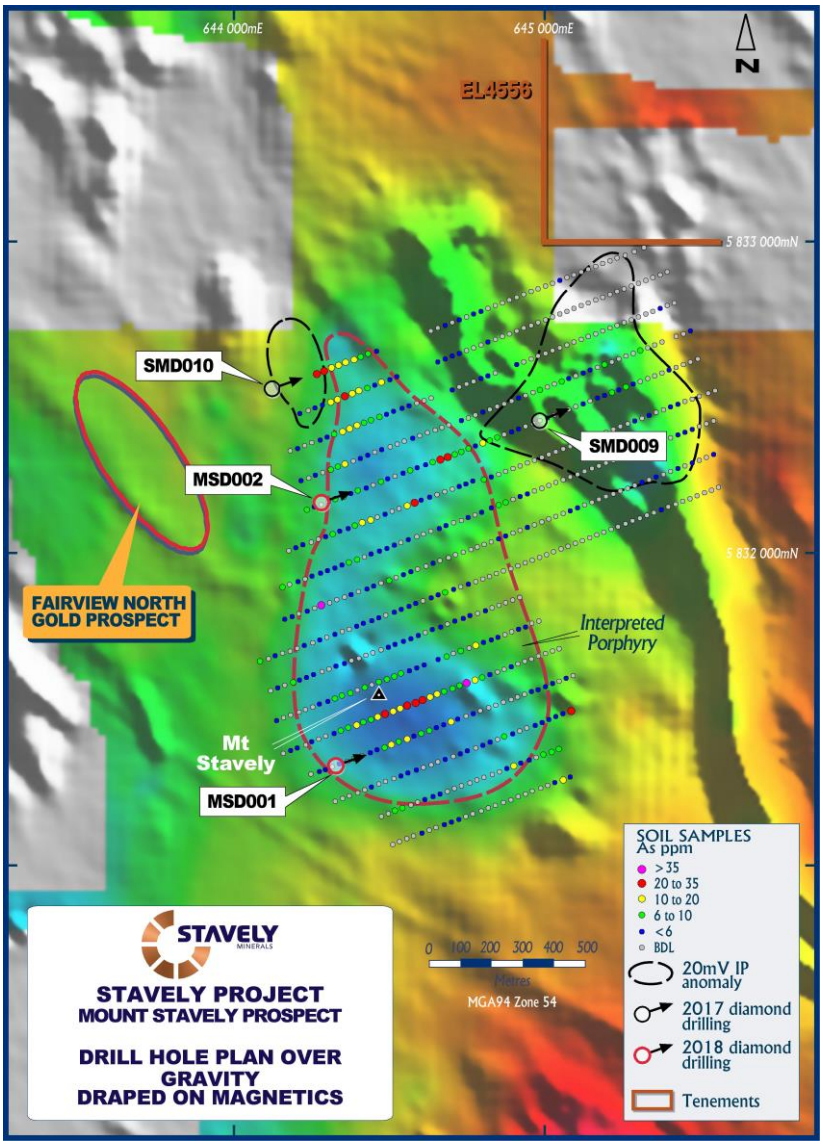

Figure 15. MSD001 and MSD002 drill hole location plan with grey-scale magnetics overlaid with a colour gravity drape and soil sample arsenic values.

Black Range Joint Venture Project (EL 5425)

During the half-year, work conducted on the Black Range JV included litho-geochemical sampling on the diamond hole (SMD027) drilled during previous period. Drill hole SMD027 was drilled to a depth of 251.3m 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 (Figure 16). The presence of disseminated magnetite, seen throughout the gabbro explains the magnetic anomaly.

From the litho-geochemistry, the intrusion in SMD027 which was logged as a 'monzogabbro' plots in the subalkaline to alkaline gabbro field. The intrusive from SMD027 plots within the barren intrusive field within the Bob Loucks' Cu+Au productivity plot. The assay results for SMD027 were pending at the end of the half-year.

Age dating results have been received for the gabbro in drill hole SMD027 which was submitted for dating by apatite fission tracking. The age date came from a combination of U/Pb ratios on individual spots in apatite and titanite grains. The recommended age 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. Its mafic composition is of interest with respect to a coeval linkage to copper-gold mineralisation at Thursday's Gossan.

A review of the exploration potential of the Black Range JV with Navarre Minerals Limited has identified the Lexington prospect in the Bucheran Diorite to be worthy of follow-up soil sampling and drilling. At Lexington the copper-gold mineralisation appears to be fracture-controlled and possibly postdates the emplacement of the intrusion. Another area of interest includes several magnetic lows, interpreted by the Geological Survey of Victoria to be a Cambrian intrusion, in the northern part of EL5425, at the junction between the Elliott and Stavely belts.

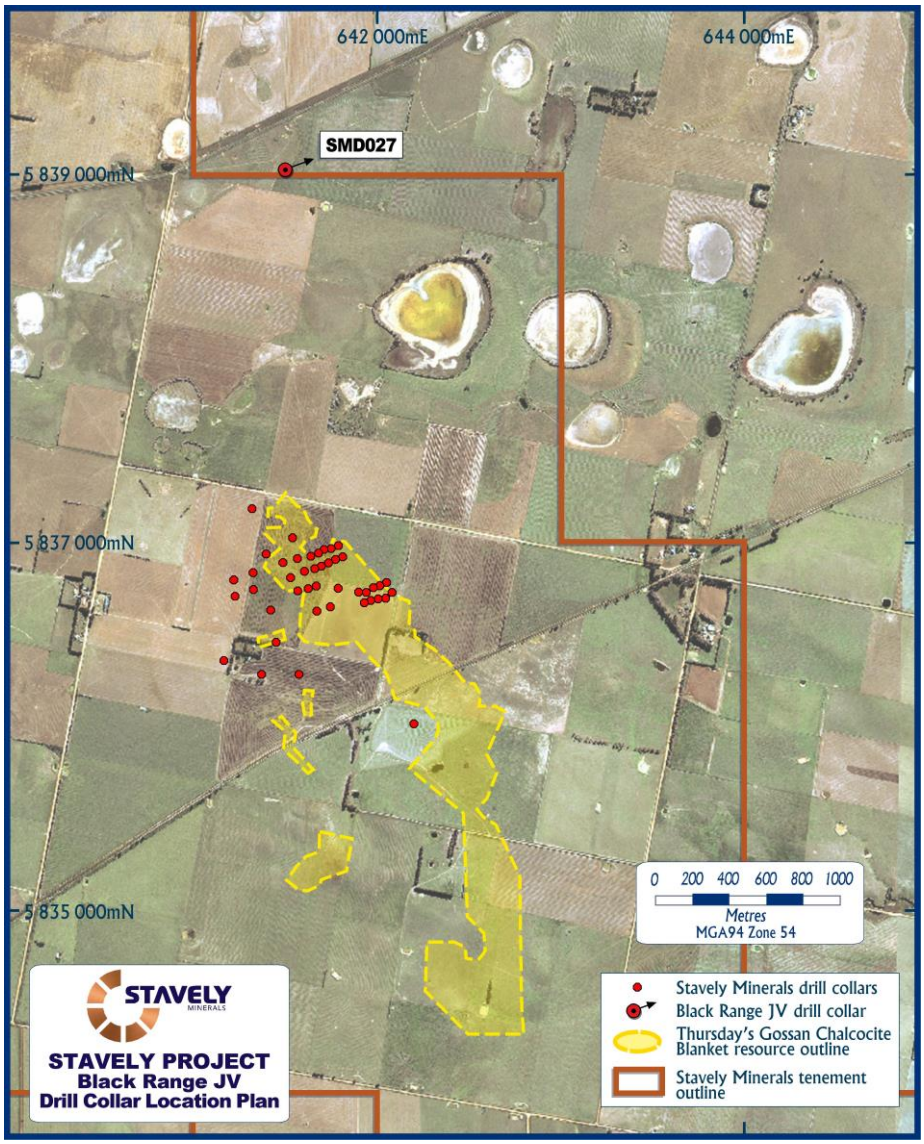

Figure 16. Black Range JV drill collar location plan.

Yarram Park Project (EL 5478)

During the half-year, exploration completed at the Yarram Park Project was integrated with the Victorian Geological Survey's recently updated regional geological interpretation from the Stavely ARC 3D model. Diamond holes STWD001 and STWD002, drilled in early 2017, encountered a sequence of andesite lavas that have been intruded by diorite and quartz diorite or tonalite. Hornblende and plagioclase in the intrusive rocks have been preferentially replaced by biotite and k-feldspar, respectively, potentially indicating local development of a proximal potassic or metasomatic alteration package. In contrast, STWD003 intersected a steeply southwest dipping package of massive and laminated mudstone, siltstone, fine to coarse grained turbidites and narrow bedding parallel tonalite sills.

Litho-geochemical data for drill holes STWD001 and STWD002 show that the calc-alkaline diorite and quartz diorite/ granodiorite intrusives plot within the Bob Loukes Cu+Au productive field.

From the recent Stavely ARC 3D model it is considered likely that the circular aeromagnetic feature in the southern portion of EL5478 represents a drag-folded package of intermediate to mafic volcanic rocks, related to dextral offset of the Yarrack Fault (Figure 17). The coincident gravity and aeromagnetic low may represent a combination of intrusive and sedimentary rocks. All three diamond drill holes encountered diorite and tonalite intrusions, although STWD003 appears to be more marginal to the volcanic arc, as deep-water laminated black mudstone and turbidite deposits were observed. STWD003 was collared directly adjacent to the Yarrack Fault which explains why the bedding was steep in the hole.

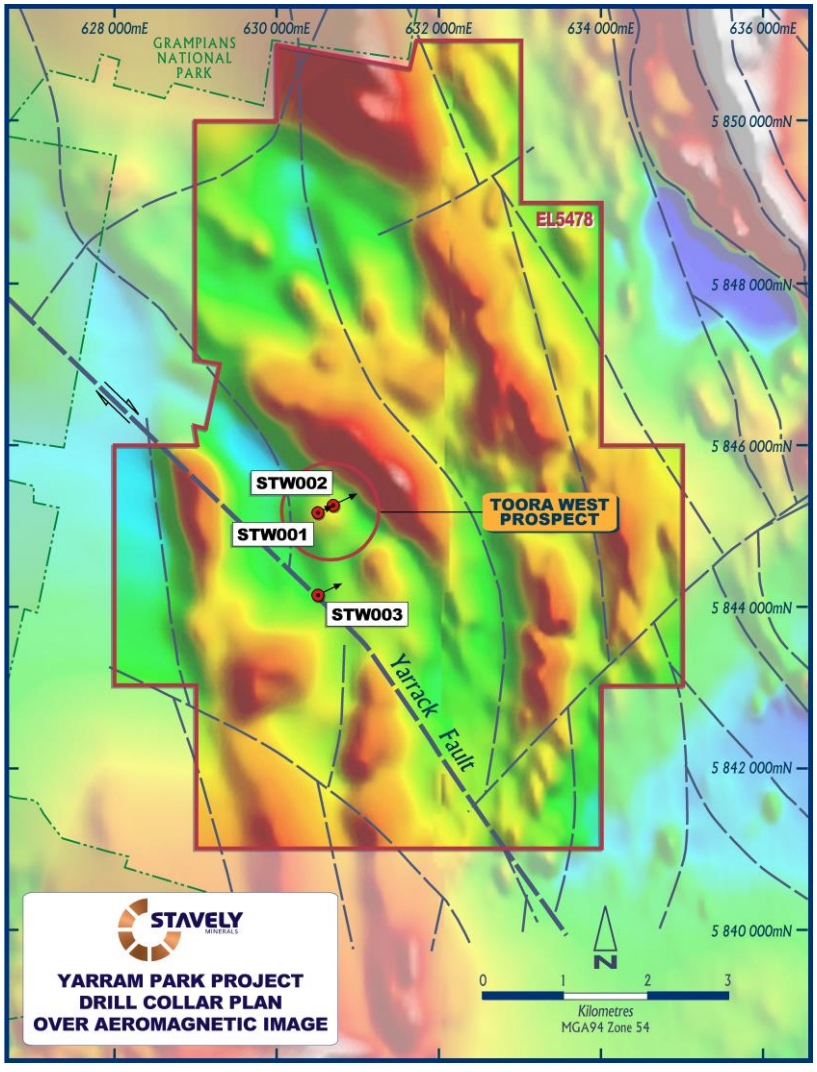

Figure 17. Yarram Park Project drill hole collars over aeromagnetic image.

RAVENSWOOD PROJECT (EPM26041, EPM26151, EPM26303 & EPM26304)

During the half-year, progress was made in getting approvals, compensation agreements and heritage clearance to conduct drilling at the Area 8 prospect in the Dreghorn Project and the Connolly North prospect in the Ravenswood West Project (Figure 18). Field investigations were conducted to determine the exact locations of the planned drill holes. In addition, soil sampling was conducted in the vicinity of the Area 8 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 in June 2018, returned a +10mV/V chargeability anomaly. Rock chip sampling, during the previous period, in the Connolly North area returned gold results of 14.8 g/t, 12.75 g/t, 2.07 g/t and 1.42 g/t. The stream sediment samples taken in tributaries to the Connolly Creek and draining the Connolly North prospect area returned anomalous gold values of 1.61 g/t, 1.20 g/t and 1.18 g/t. Previous rock chip sampling in 2017 returned a 36.6 g/t gold result from a 5-10cm thick low-angle quartz vein at the Connolly North prospect.

At the Area 8 prospect, previously reported surface rock-chips returned assay results of up to 0.65 g/t gold, 106 g/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 conducted in June 2018, returned a well constrained resistivity anomaly.

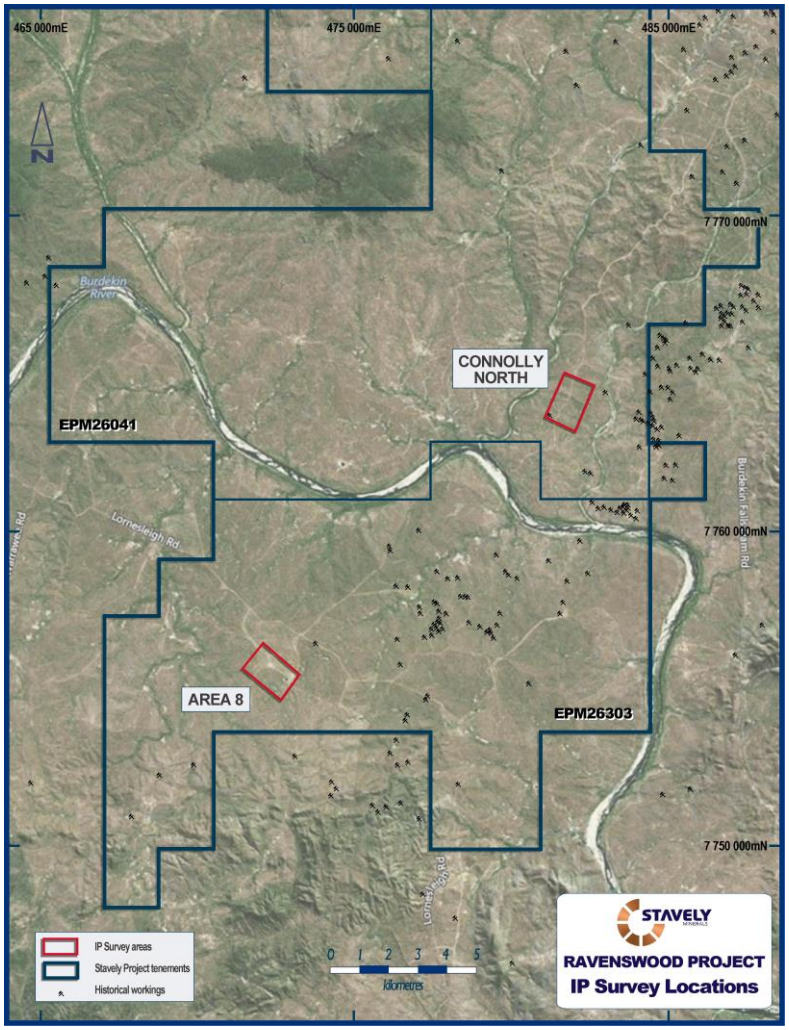

Figure 18. Ravenswood Project – prospect location plan.

MATHINNA PROJECT (ELA19/2018)

During the half-year, Stavely Minerals was granted the priority application right for an Exploration Licence (EL) covering a high-grade goldfield in Tasmania, representing an exciting strategic addition to its East Coast exploration portfolio (Figure 3).

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 up to 1932[2]. 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[3] 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 (Figure 19). 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 (Figure 20).

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.

[2] Tasmania Department of Mines – Report 1992/10, *Northeast Goldfields: A Summary of the Tower Hill, Mathinna and Dans Rivulet Goldfields*, Taheri and Findlay, 1992

[3] Tasmania Department of Mines – Report No. 5. On Some Gold-mining at Mathinna, W. H. Twelvetrees, Government Geologist.

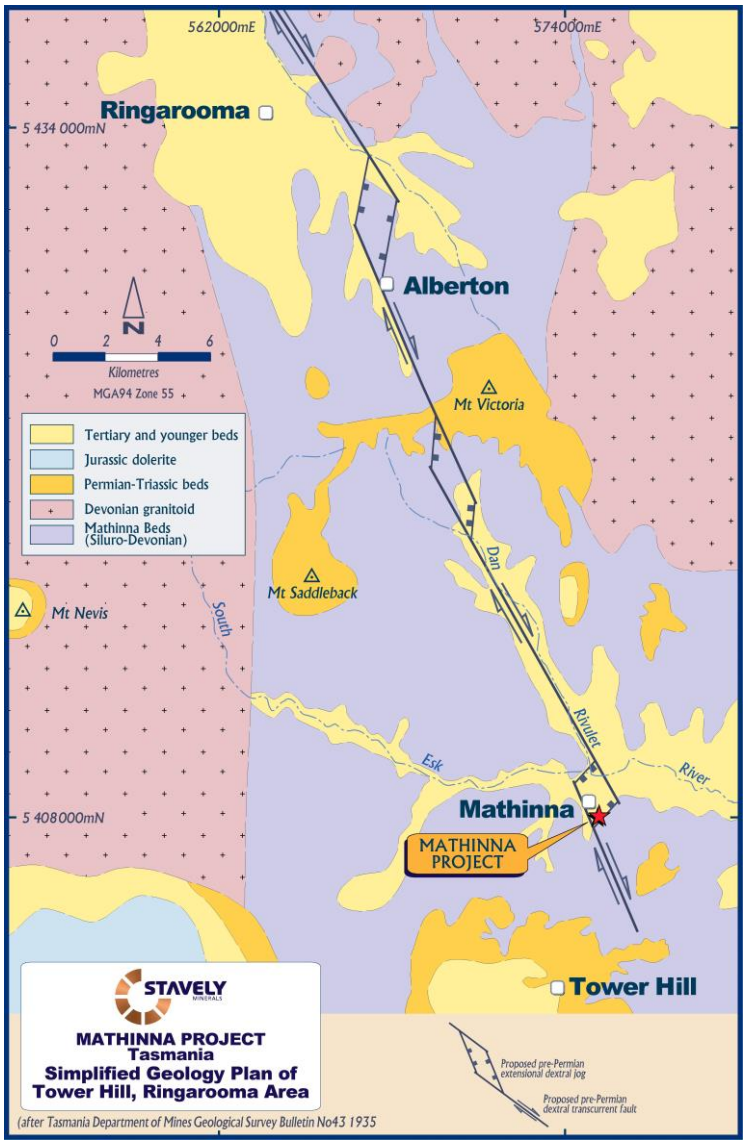

Figure 19. Structure and geology of the Mathinna / Tower Hill / Ringarooma gold trend.

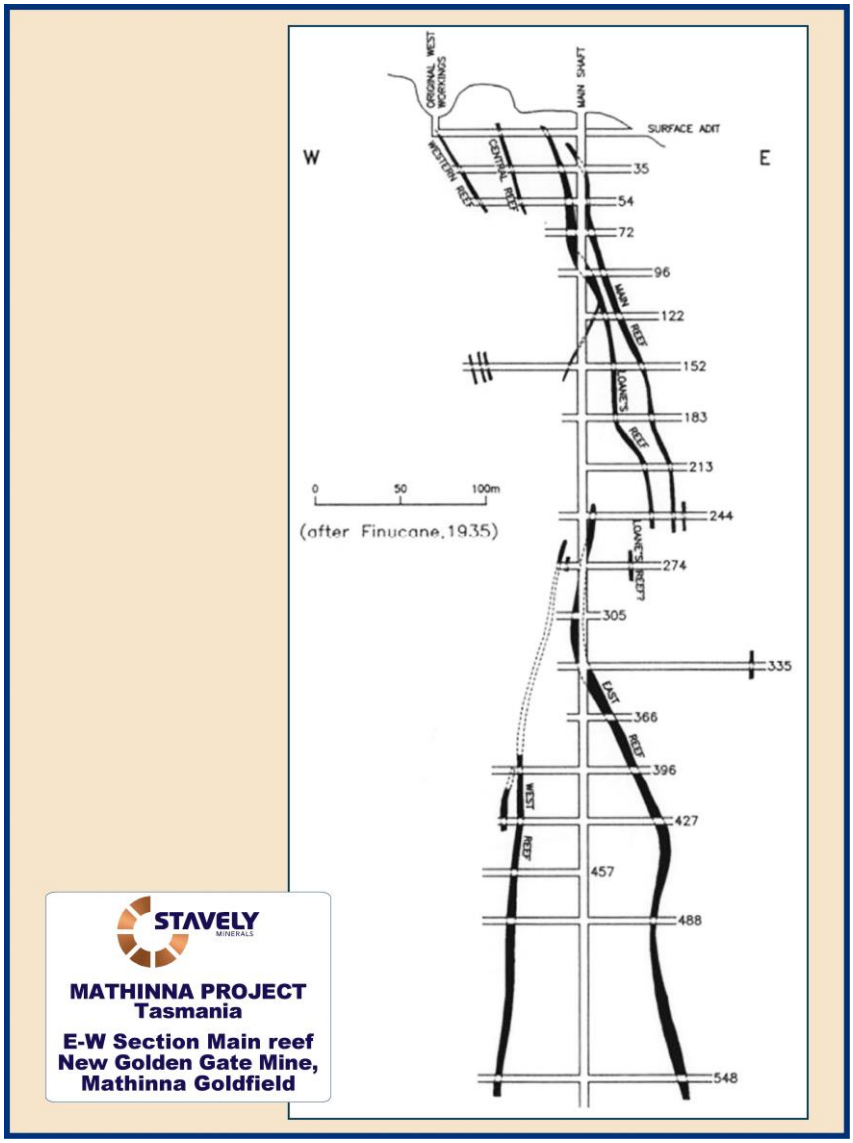

Figure 20. Cross-section of the New Golden Gate Mine.

ANNOUNCEMENTS

The following announcements (available at www.stavely.com.au) provide a more detailed description of the Company's operational activities for the half-year ended 31 December 2018 and subsequent activities:

17 July 2018	Further High-Grade Gold Results - Ravenswood Project
19 July 2018	Noosa Mining Conference Presentation
30 July 2018	Thursdays Gossan Diamond Drilling Update
31 July 2018	Quarterly Activities Report
31 July 2018	Quarterly Cashflow Report
29 August 2018	Thursdays Gossan Diamond Drilling Update
5 September 2018	Thursdays Gossan Diamond Drilling Update
14 September 2018	Board Announcement
5 October 2018	Thursday's Gossan New High Grade Mineralisation Intersected
22 October 2018	Stavely Awarded Block 3
30 October 2018	IMARC 2018 Presentation
31 October 2018	Quarterly Activities Report
31 October 2018	Quarterly Cashflow Report
16 November 2018	Thursday's Gossan - Technical Update
20 November 2018	Passing Away of Mr Bill Plyley - Director & former Chairman
26 November 2018	Application Rights - High-Grade Tasmanian Goldfield
28 November 2018	AGM Presentation
18 December 2018	Thursday's Gossan - Diamond Drilling Update
18 January 2018	More Wide Copper Intercepts at Thursday's Gossan
25 January 2019	Quarterly Activities Report
25 January 2019	Quarterly Cashflow Report
11 February 2019	Significant Zone of Bornite at Thursday's Gossan
14 February 2019	Resources Rising Stars Summer Series Presentation
18 February 2019	Second Thick Zone of Bornite at Thursday's Gossan
20 February 2019	RIU Explorer's Conference Presentation

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 of 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.

On 14 September, the Company announced that due to health reasons, Mr William 'Bill' Plyley stepped down as Chairman of Stavely Minerals. Mr Chris Cairns assumed the role of Executive Chairman.

Mrs Amanda Sparks accepted an invitation to join the Board as Non-Executive Director and continues 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 2018, 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. His integrity, decency and enthusiasm for Stavely's exploration efforts will be sorely missed.

Stavely Minerals had a total of $2.34M cash on hand at the end of December 2018, with a further $170k available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd.

SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2018 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
Managing Director

Perth, Western Australia

27 February 2019

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

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

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

As lead auditor for the review of Stavely Minerals Limited for the half-year ended 31 December 2018, 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, 27 Feb 2019

	Note	Consolidated Six months ended 31 December 2018 $	Consolidated Six months ended 31 December 2017 $
Revenue and Income			
Interest revenue		49,646	20,045
Rental sub-lease revenue		18,815	18,474
		68,461	38,519
Expenses			
Administration and corporate expenses	2(a)	(689,177)	(346,161)
Administration – equity based payments	2(a)	(1,172,405)	(1,106,742)
Exploration expensed	2(b)	(3,003,761)	(1,130,332)
Total expenses		(4,865,343)	(2,583,235)
Profit/(loss) before income tax		**(4,796,882)**	**(2,544,716)**
Income tax expense		-	-
Profit/(loss) after income tax attributable to members of Stavely Minerals Limited		**(4,796,882)**	**(2,544,716)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Other		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive profit/(loss) for the period		**(4,796,882)**	**(2,544,716)**
Loss per share for the half-year attributable to the members of Stavely Minerals Limited		**Cents Per Share**	**Cents Per Share**
Basic earnings/(loss) per share	3	(3.14)	(2.08)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	Consolidated 31 December 2018 $	Consolidated 30 June 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents		2,342,914	6,559,041
Other receivables		328,025	292,011
Total Current Assets		2,670,939	6,851,052
Non-Current Assets			
Receivables		42,500	42,500
Property, plant and equipment		187,086	128,605
Deferred exploration expenditure	4	3,006,057	3,006,057
Total Non-Current Assets		3,235,643	3,177,162
Total Assets		5,906,582	10,028,214
LIABILITIES			
Current Liabilities			
Trade and other payables		500,431	1,732,473
Provisions		117,865	64,308
Total Current Liabilities		618,296	1,796,781
Total Liabilities		618,296	1,796,781
Net Assets		**5,288,286**	**8,231,433**
Equity			
Issued capital	5	25,425,562	24,744,232
Reserves		4,468,258	3,295,853
Accumulated losses		(24,605,534)	(19,808,652)
Total Equity		**5,288,286**	**8,231,433**

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

	Consolidated	
	31 December 2018	31 December 2017
	$	$
Cash flows from operating activities		
Receipts in the ordinary course of activities (incl. GST)	485,040	113,228
Payments to suppliers and employees	(4,640,791)	(1,564,525)
Interest received	47,057	21,005
Net cash flows used in operating activities	(4,108,694)	(1,430,292)
Cash flows from investing activities		
Payments for plant and equipment	(93,750)	(7,301)
Net cash flows used in investing activities	(93,750)	(7,301)
Cash flows from financing activities		
Payment of share issue costs	(13,683)	(12,692)
Net cash flows used in financing activities	(13,683)	(12,692)
Net increase/(decrease) in cash and cash equivalents held	(4,216,127)	(1,450,285)
Add opening cash and cash equivalents	6,559,041	2,539,101
Closing cash and cash equivalents	**2,342,914**	**1,088,816**

The above consolidated statement of cashflows 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**
Profit/(loss) for the half-year	-	-	(2,544,717)	(2,544,717)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(2,544,717)	(2,544,717)
Transactions with owners in their capacity as owners:				
Issue of share capital	237,290	-	-	237,290
Cost of issue of share capital	(12,692)	-	-	(12,692)
Share based payments - options	-	1,106,742	-	1,106,742
	224,598	1,106,742	-	1,331,340
As at 31 December 2017	**16,202,160**	**3,295,853**	**(15,431,890)**	**4,066,123**
At 1 July 2018	**24,744,232**	**3,295,853**	**(19,808,652)**	**8,231,433**
Profit/(loss) for the half-year	-	-	(4,796,882)	(4,796,882)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(4,796,882)	(4,796,882)
Transactions with owners in their capacity as owners:				
Issue of share capital	695,013	-	-	695,013
Cost of issue of share capital	(13,683)	-	-	(13,683)
Share based payments - options	-	1,172,405	-	1,172,405
	681,330	1,172,405	-	1,853,735
As at 31 December 2018	**25,425,562**	**4,468,258**	**(24,605,534)**	**5,288,286**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This half-year financial report for the six months ended 31 December 2018 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 27 February 2019.

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

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2018 and any public announcements made by Stavely Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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

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

(b) Statement of Compliance

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

(c) Adoption of new and revised standards

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 Company

A number of new or amended standards became applicable for the current reporting period for which the Company 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 Company for the period ended 31 December 2018.

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.

Stavely has considered AASB 15 and determined that there is no impact on the Group's financial statements as Stavely 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. 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 Group 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 Company
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 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 and miscellaneous items such as a photocopier 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.

	Six months ended 31 December 2018	Six months ended 31 December 2017
	$	$

NOTE 2 - EXPENSES

(a) Administration and Corporate Expenses

Administration and corporate expenses include:		
Depreciation - administration	2,590	1,290
Operating lease rental expense	63,717	69,746
Other administration and corporate expenses	622,870	275,125
	689,177	346,161
Administration – share based payments (refer note 6)	1,172,405	1,106,742
Total administrations costs	1,861,582	1,452,903

(b) Exploration Costs Expensed

Exploration costs expensed include:		
Depreciation - exploration	32,679	17,970
Share based payments expensed (refer note 6)	695,013	237,290
Other exploration costs expensed	2,276,069	875,072
	3,003,761	1,130,332

NOTE 3 - EARNINGS PER SHARE

	Cents	Cents
Basic earnings/(loss) per share	(3.14)	(2.08)
	$	$
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	(4,796,882)	(2,544,716)
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share	152,695,880	122,404,573

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

	31 December 2018 $	30 June 2018 $

NOTE 4 - DEFERRED EXPLORATION EXPENDITURE

Deferred exploration acquisition costs brought forward	3,006,057	3,006,057
Capitalised acquisition expenditure incurred during the period	-	-
Deferred exploration acquisition 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 5 – ISSUED CAPITAL

(a) Issued Capital

156,037,305 (June 2018: 149,868,317) ordinary shares fully paid	25,425,562	24,744,232

(b) Movements in Ordinary Share Capital

Summary of Movements	Six months ended 31 December 2018		Year ended 30 June 2018	
	Number of Shares	$	Number of Shares	$
Opening balance	149,868,317	24,744,232	121,227,119	15,977,562
Issued - placement	-	-	20,000,000	6,800,000
Issued - share purchase plan	-	-	5,888,972	2,002,250
Issued – share subscription	2,362,594	695,013	1,969,207	349,004
Issued – options exercised	3,806,394	-	783,019	125,000
Costs of issues		(13,683)		(509,584)
Closing Balance	156,037,305	25,425,562	149,868,317	24,744,232

Share Subscription Issues

During the six months to 31 December 2018, 2,362,594 ordinary shares ($695,013) 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. Refer below for details of the agreement.

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 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 a cash payment and/or by way of offset of the price of subscription application for shares. As at 31 December 2018, cumulative subscriptions totalled $1,829,707.

NOTE 5 – ISSUED CAPITAL - continued

(c) Options on issue at 31 December 2018

	Number	Issue Price of Shares	Exercise Date
Unlisted Options	15,650,000	36 cents	31 December 2019
Unlisted Options	7,050,000	21 cents	31 December 2020
	22,700,000		

During the half-year ended 31 December 2018:

(i) 15,650,000 unlisted options were granted as share-based payments (six months to 31 December 2017: 16,637,500);

(ii) No unlisted options expired (six months to 31 December 2017: 28,650,000); and

(iii) 9,587,500 unlisted options were exercised (six months to 31 December 2017: nil). 3,806,394 shares were issued following the conversion of these unlisted options via the 'cashless exercise' mechanism as part of Stavely's Employee Incentive Plan. On exercise of the options, the Company issued the number of shares equal in value to the difference between the market price of the shares (based on a VWAP for the 5 trading days prior to the exercise date) and the 19 cent exercise price otherwise payable in relation to the options.

NOTE 6 – EQUITY-BASED PAYMENTS

	Six months ended 31 December 2018 $	Six months ended 31 December 2017 $
(a) Value of equity based payments in the financial statements		
Expensed in the profit and loss:		
Equity-based payments- shares – exploration expense	695,013	237,290
Equity-based payments- options – administration expense	1,172,405	1,106,742
	1,867,418	1,344,032

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

During the six months to 31 December 2018, 2,362,594 ordinary shares ($695,013) 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. Refer to note 5(b).

NOTE 6 – EQUITY-BASED PAYMENTS - continued

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

During the half-year ended 31 December 2018, the following unlisted options were granted:

- 5,950,000 unlisted options granted on 6 December 2018 to employees/consultants.
- 9,700,000 unlisted options as approved by shareholders at the 2018 Annual General Meeting, granted to directors or their nominees on 6 December 2018.

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 ($)	0.21
Expected life of options (years)	1.07
Dividend yield (%)	-
Expected volatility (%)	101.41
Risk-free interest rate (%)	1.90
Underlying share price ($)	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.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

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

NOTE 8 – CASH FLOW INFORMATION

The following non-cash activities were undertaken:

Six months to 31 December 2018:

- 2,362,594 ordinary shares ($695,013) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd (refer to note 5(b)).

Six months to 31 December 2017:

- 283,019 ordinary shares ($30,000) were issued as consideration for extension of the Royalty Agreement; and
- 1,475,431 ordinary shares ($207,290) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd.

NOTE 9 – 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 10 – RELATED PARTY TRANSACTIONS

There have been no new related party transactions entered into since 30 June 2018, other than the grant of options – refer to note 6(c).

NOTE 11 – SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 31 December 2018 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

1. In the opinion of the directors:

   a) The financial statements and notes are in accordance with the Corporations Act 2001, including:

      i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
      ii) complying with Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2018.

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

Christopher Cairns
Managing Director

Perth, Western Australia

27 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stavely Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Stavely Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth, 27 February 2019