

Tasmania Gold Project Update

## Stavely Minerals to Purchase Beaconsfield Gold Plant as Part of High-Grade Gold Strategy in Tasmania

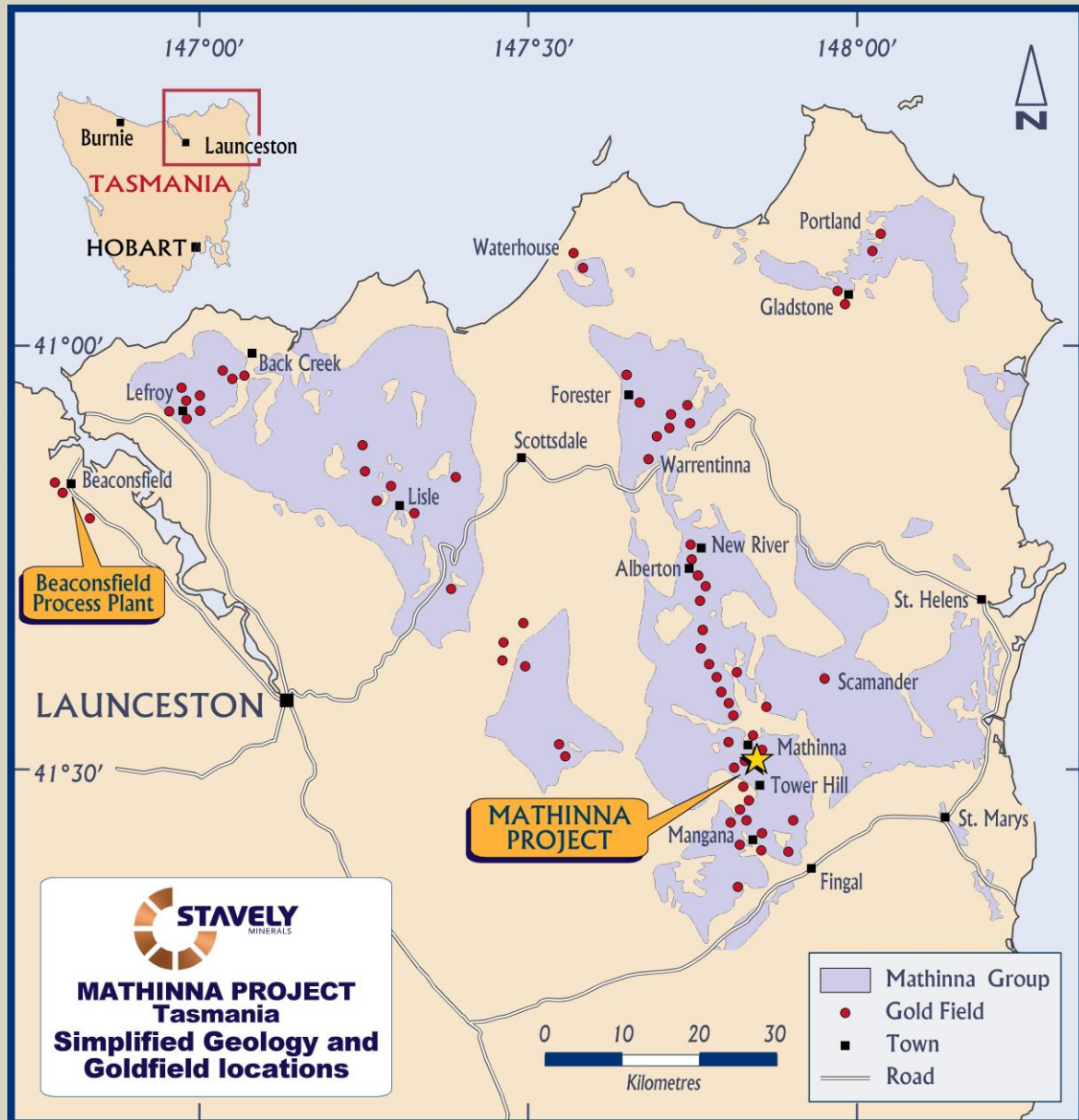
*Acquisition of an established processing facility 130km by road from Stavely's high-grade Mathinna Goldfield creates strong platform for an integrated Tasmanian gold business*

### Highlights

- Stavely Minerals, through its 100%-owned subsidiary Stavely Tasmania Operations Pty Ltd, has agreed to purchase a 100% beneficial interest in the assets of the 350,000tpa capacity Beaconsfield gold processing plant and associated infrastructure, property, rights, leases and permits in a transaction summarised as:
  - Payment of a \$250,000 deposit on execution, to be held in trust pending completion;
  - Payment of the balance of \$1,750,000 within 90-days of execution;
  - On completion, all assets associated with the Beaconsfield gold processing plant to be transferred to Stavely Tasmania Operations Pty Ltd ("Stavely Tasmania Ops");
  - Also on completion, Stavely Tasmania Ops must replace an environmental bond which, on transfer of the mining lease, will be set at \$500,000;
  - Conditions precedent include:
    - Stavely Tasmania Ops obtaining the prior consent of the Tasmanian Minister for State Growth for the transfer of the mining leases and permits; and
    - Stavely Minerals completing a capital raising sufficient to fund the acquisition.
- In November 2018, Stavely Tasmania Pty Ltd was granted priority application rights to an Exploration Licence (EL 19/2018) and, more recently the significantly larger 68 sqkm ELA1118 surrounding the Mathinna EL, collectively covering all of the high-grade Mathinna goldfield - with official records of historical production of 289,000oz at an average grade of 26g/t gold from the New Golden Gate Mine<sup>1</sup>.
- Collectively, these assets – a high-grade historical gold producer, an established gold processing facility, and other tenure applications have the potential to form the foundation of an exciting emerging Tasmanian gold business that, for relatively little cost, was too compelling to resist.
- Como Engineers was commissioned to complete a condition and suitability report which estimates (±30%) that refurbishing and upgrading the plant to process high-grade free-milling gold ore may cost \$9.24M, inclusive of a \$1.54M contingency.
- Stavely remains heavily focussed on its porphyry exploration campaign at the Thursday's Gossan prospect, where further updates regarding on-going drilling will be provided shortly.

<sup>1</sup> Tasmania Department of Mines – Report 1992/10, *Northeast Goldfields: A Summary of the Tower Hill, Mathinna and Dans Rivulet Goldfields*, Taheri and Findlay, 1992

Stavely Minerals Limited (ASX Code: **SVY** – “Stavely Minerals”) is pleased to advise that it has entered into an agreement with BCD Resources NL, subsidiary companies and associated parties to purchase the 350,000tpa capacity Beaconsfield gold processing plant, assets, associated infrastructure, property, rights and mining lease in Tasmania (Figures 1 and 2).

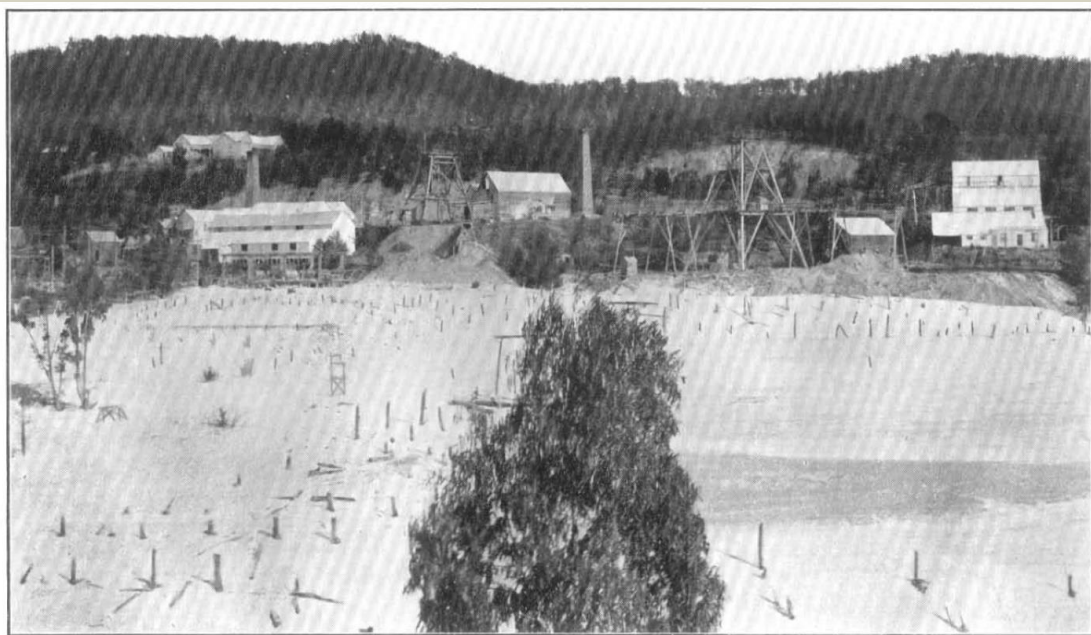


**Figure 1. Tasmania Project location map.**

The proposed acquisition complements the Company’s previously announced high-grade gold exploration strategy in Tasmania, following its success in securing, through its 100%-owned subsidiary Stavely Tasmania Pty Ltd, the priority application right for exploration licences (ELs) covering the prolific high-grade Mathinna goldfield (Figures 3 and 4) (see ASX release, 26 November 2018).



**Figure 2. Beaconsfield gold processing facility.**



*Frontispiece*

1. NEW GOLDEN GATE AND TASMANIAN CONSOLS MINES.

**Figure 3. Frontispiece to the 1914 Tasmania Department of Mines – Geological Survey Report No. 5: *On Some Gold-mining at Mathinna* by W. H. Twelvetrees, Government Geologist.**

Numerous Tasmania 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 (Figures 3 and 4). Official records detail production of 289,000 ounces of gold produced by the New Golden Gate Mine alone up to 1932<sup>2</sup>. 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<sup>2</sup> estimated that production to date had been between 300,000 and 320,000 ounces.

Since that time there has been very little modern exploration. While there is a significant amount of exploration drilling to be done, and it is uncertain that this exploration will result in Mineral Resources being defined or, by application of the JORC Code Modifying Factors, that any Mineral Resources could be re-classified as Ore Reserves, Stavelly Minerals is extremely optimistic for the high-grade gold potential of the Mathinna Goldfield given its production history.

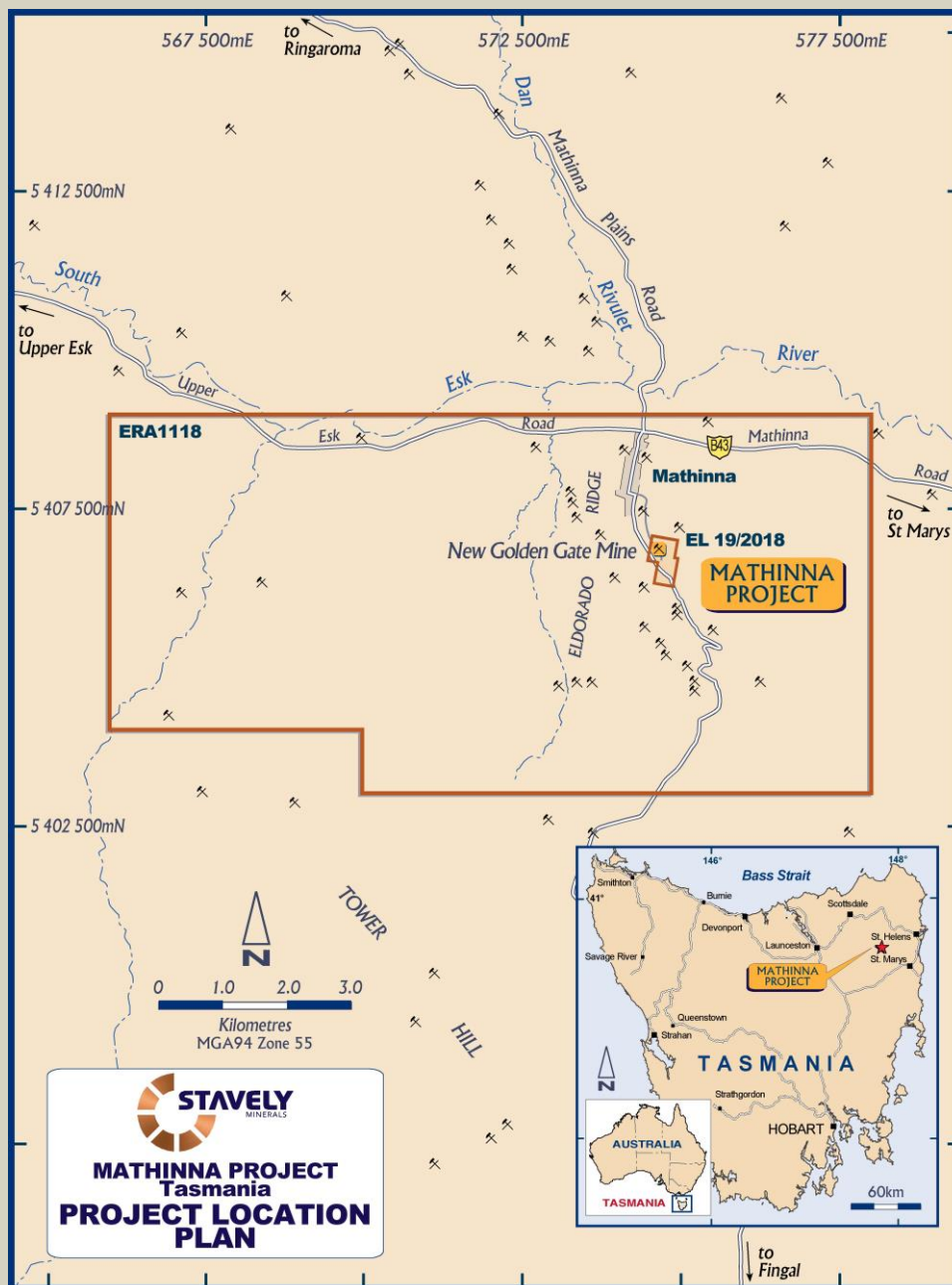


Figure 4. Mathinna Project location map.

<sup>2</sup> Tasmania Department of Mines – Report No. 5. *On Some Gold-mining at Mathinna*, W. H. Twelvetees, Government Geologist.

Como Engineers was commissioned to complete a condition and suitability report which estimated ( $\pm 30\%$ ) that refurbishing and upgrading the plant to process high-grade free-milling ore may cost \$9.24M, inclusive of a \$1.54M contingency. For an estimated ( $\pm 30\%$ ) additional cost of \$4-\$5 million, the processing plant can be configured with the optionality to process both refractory and free-milling gold ore types allowing for significant flexibility to treat material from diverse sources in the region. The Como Engineers condition and suitability report has been posted, with permission, on [www.stavely.com.au/technical-data](http://www.stavely.com.au/technical-data).

Stavely Minerals has no intention whatsoever of reopening the underground mine at Beaconsfield. The underground Tasmania mine encountered seismic activity at depths beyond approximately 700m below surface. There is however, shallow exploration potential on the mining lease that remains untested.

Stavely Minerals' Executive Chairman Mr Chris Cairns said the acquisition of the existing Beaconsfield gold processing plant was a coup for the Company which would enable it to fast-track its high-grade Tasmanian gold strategy by significantly reducing the capital hurdle to production.

*"Acquiring an established gold processing plant for a fraction of the cost to build and permit a new one – not to mention the potential lead time associated with permitting a new facility in Tasmania – is an exciting opportunity which provides our shareholders with exposure to the potential development of a high-grade gold business on Australia's East Coast," he said.*

*"We have seen high-grade gold assets deliver significant value for investors at projects like Fosterville in Victoria and Bellevue in Western Australia, and we believe there is a genuine opportunity to create a quality gold asset in Tasmania.*

*"While our primary focus remains the search for a giant copper-gold porphyry in western Victoria, the opportunity, for very little cost, to acquire the building blocks of an integrated high-grade gold asset in Tasmania was simply too compelling to resist," he said.*

*"This will not be a distraction from our laser-like focus on our copper-gold porphyry opportunities in western Victoria, but I am confident we can, at the same time, add significant value by demonstrating the high-grade gold potential of a rich goldfield which produced around 300,000 ounces historically but has largely been untouched since the 1930's in combination with an established gold processing facility located nearby."*

Yours sincerely,



**Chris Cairns**  
**Managing Director**

*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.*

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