ASX Code: SVY

Issued Shares: 214M

Cash Balance: $17.5M

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HIGHLIGHTS

Exploration

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

- Diamond hole SMD053, located 320m along strike to the south-east of the discovery hole SMD050, returned high-grade assay results:
  - 10.3m at 3.09% copper, 1.69g/t gold and 22.6g/t silver from 201m down-hole, including:
    - 5m at 5.81% copper, 3.20g/t gold and 43.6g/t silver from 202m down-hole, and;
  - 2m at 1.17% copper, 1.23g/t gold and 4.1g/t silver from 176m down-hole
- Diamond hole SMD054, located 40m along strike to the north-west of discovery hole SMD050, returned high-grade assay results:
  - 11m at 4.62% copper, 0.57g/t gold and 25g/t silver from 86m down-hole, including:
    - 7m at 7.10% copper, 0.72g/t gold and 39g/t silver from 90m down-hole, including:
      - 3m at 10.87% copper, 0.67g/t gold and 52g/t silver from 92m down-hole
- Drill hole SMD054 also intercepted an overlapping interval of nickel mineralisation, with:
  - 5m at 1.42% nickel and 0.05% cobalt from 96m down-hole
- Diamond drill hole SMD055, drilled 40m down-dip of the discovery hole SMD050, was abandoned just before the target zone as the core barrel broke and could not be recovered. However, the hole did return shallow intercepts:
  - 5m at 1.00% copper, 0.32g/t gold and 7g/t silver from 24m down-hole; and
  - 5m at 1.37% copper, 0.17g/t gold and 8g/t silver from 78m down-hole
- Diamond hole SMD056, targeted 40m below the discovery hole SMD050, did not reach target depth due to the drill rods breaking but still intersected significant mineralisation including:
  - 8.3m at 1.65% copper, 0.23g/t gold and 7.2g/t silver from 157m down-hole, including:
    - 3m at 3.75% copper, 0.25g/t gold and 10.2g/t silver from 157m down-hole; and

- 3m at 1.68% copper, 0.18g/t gold and 8g/t silver from 79m down-hole

- Diamond hole SMD058, located between discovery holes SMD050 and the first step-out hole SMD051, intersected a broader zone of mineralisation, with:
  - 23m at 1.34% copper, 0.26g/t gold and 3.5g/t silver from 68m down-hole, including:
    - 3m at 6.33% copper, 0.27g/t gold and 2.9g/t silver from 88m down-hole
- Diamond drill hole SMD059, located 40m behind (down-dip) of drill hole SMD051, intersected two zones of significant mineralisation including:
  - 5m at 3.28% copper, 0.27g/t gold and 13g/t silver from 197m down-hole,
  - 18m at 1.00% copper, 0.1g/t gold and 3g/t silver from 235m down-hole, including:
    - 6.8m at 1.85% copper, 0.17g/t gold and 6g/t silver from 245.8m.
- Diamond drill hole SMD060, located 120m south-east of discovery hole SMD050, returned high-grade assay results within a very broad mineralised envelope of 102.3m at 0.68% copper including:
  - 48.2m at 1.04% copper, 0.31g/t gold and 14g/t silver from 74m down-hole, including:
    - 12m at 1.55% copper, 0.63g/t gold and 13g/t silver from 74m down-hole, and including:
      - 6.10m at 3.55% copper, 0.73g/t gold and 41g/t silver from 129m down-hole and associated with minor lead (~0.1% Pb) and zinc (~0.2% Zn) mineralisation.
- SMD060 also intercepted significant nickel-cobalt mineralisation within the copper-gold mineralised zone with:
  - 2.4m at 1.20% nickel and 0.08% cobalt from 116.6m down-hole.
- Visual observations of mineralisation in SMD067, located 670m north-west of the south-eastern-most mineralised drill hole, has extended the mineralisation on the UCF structure to ~700m strike extent with the mineralised zone remaining open in all directions.
- The mineralisation is characterised by structurally controlled massive to semi-massive sulphide and quartz-sulphide dominated by early pyrite that is fractured and brecciated by later copper sulphides chalcopyrite, bornite and chalcocite.

Corporate

- Stavely Minerals had a total of $17.5M cash on hand at the end of the December 2019 Quarter.
- During the Quarter, the Company completed a capital raising of $19.6M:
  - $19.6M sophisticated and institutional investor share placement at $1.00 per share.
  - Funds to be used to accelerate drilling at the Thursday's Gossan prospect, other regional targets in the Stavely Project, as well as advancing the gold targets in Tasmania and Queensland.
- During the Quarter, the Company's wholly owned subsidiary, Stavely Tasmania Pty Ltd (Stavely Tasmania), acquired:
  - a key exploration licence covering the structural extension of the high-grade Mathinna Gold Project in Tasmania;
  - the majority of the historical Lefroy goldfield where past gold production is reported to be 180,000 oz at 28g/t gold[1]; and
  - an exploration licence in central Victoria approximately 10km east of the world-class 9 million-ounce Fosterville Gold Mine.
- In addition to the licence acquisitions, Stavely Tasmania was granted up to $50,000 towards direct drilling costs on each of the granted exploration licences, EL4/2019 and EL19/2018 as part of the Mineral Resources Tasmania Exploration Drilling Grant Initiative Program 2020.

[1] Tasmania Department of Mines – Report 1994/03, *Northeast Goldfields: A Summary of the Beaconsfield, Lefroy, Back Creek and Gladstone goldfields*, McClenaghan, 1994

OVERVIEW

During the December Quarter, drilling focused on follow-up of the exceptional results received from diamond hole SMD050, which targeted high-grade structurally-controlled copper-gold-silver mineralisation within the Ultramafic Contact Fault (UCF). SMD050, the first hole testing the UCF target and drilled during the September Quarter returned:

- 32m at 5.88% copper, 1.00g/t gold and 58g/t silver from 62m including
  - 12m at 14.3% copper, 2.26g/t gold and 145g/t silver, including
    - 2m at 40% copper, 3.00g/t gold and 517g/t silver

The first step out hole SMD051, also drilled during the previous quarter and located 160m south of the discovery hole, returned an outstanding thick mineralised intercept:

- 59m at 1.80% copper, 0.43g/t gold and 15.4g/t silver from 98m down-hole including:
  - 8.5m at 4.38% copper, 0.87g/t gold and 32.7g/t silver, and
  - 3m at 5.66% copper, 0.29g/t gold and 4.6g/t silver

and a second intercept of:

- 8m at 9.69% copper, 0.40g/t gold and 16.8g/t silver from 177m drill depth; including:
  - 2m at 17.3% copper, 0.57g/t gold and 13.1g/t silver

During the Quarter, the Company received assays for drill holes SMD053, SMD054, SMD055, SMD056, SMD058 and SMD060 and reported on the visuals for SMD061 to SMD064, inclusive and partial visuals for SMD065 to SMD068 which were in progress at the end of the quarter.

A review of drill core, assay results and other technical data undertaken in conjunction with Stavely's consultants, Drs Greg Corbett, Scott Halley and Paul Ashley, conducted during the previous quarter lead to a step-change improvement in the Company's understanding of the mineralisation style at the Thursday's Gossan prospect resulting in the drilling of discovery hole SMD050.

The review highlighted significant similarities in mineralisation processes between the large mineral system at Thursday's Gossan and the Butte, Montana and Magma, Arizona copper deposits. Similarities include the large vertical extent of mineralisation and that the copper sulphide species in the plane of the mineralised structures is zoned both vertically and laterally. Whilst previous drill holes SMD032, 044, 044W1 and 045 intercepted high-grade lode-style copper-gold-silver mineralisation on the north-south structure (NSS), those intercepts were at significant depths of between 500m to over 1,000m drill depth. The recognition of this lode-style of mineralisation, not previously noted in Australia, prompted Stavely Minerals to test for similar high-grade lode-hosted copper-gold-silver mineralisation at shallower depths.

Stavely Minerals is compelled to caution that the exploration program targeting lode-style copper mineralisation is at an early stage and the Company does not intend to imply that Thursday's Gossan will become a Magma or Butte sized system, rather that it shares the lode-style and copper sulphide zonation observed at these deposits.

Laboratory assays received during the December Quarter and the visuals from the completed holes to date demonstrate growing scale and potential of the shallow copper-gold discovery at Thursday's Gossan, which has grown to 700m in strike length and remains open in all directions. As expected with any structurally hosted copper-gold deposit the intercepts do vary in width and grade due to inherent pinch and swell along the structure.

It is now believed that the 'chalcocite enriched blanket' is derived from the weathering and redistribution and dispersion of metals from the high-grade lode-style copper-gold-silver mineralisation as it approaches surface.

The intention of the current program is to delineate high-grade, near-surface copper-gold-silver mineralisation over a significant strike extent that would complement the existing large Inferred Mineral Resource of 28 million tonnes at 0.4% copper (gold and silver not estimated) at Thursday's Gossan (see Stavely Minerals Limited 2018 Annual Report).

Once the near-surface potential is confirmed and some similar regional targets are tested, drilling will shift towards confirming the depth potential of the high-grade copper-gold-silver mineralisation on a number of mineralised structures including the UCF, the North-South Structure (NSS) and the Copper Lode Splay (CLS).

One of the biggest challenges during the Quarter was to improve drill recoveries, especially as the core losses appear to be directly related to the better mineralised intervals. A Sonic drill rig was trialled during the Quarter at Thursday's Gossan in an attempt to maximise drill recoveries at shallow depths. It is expected that, as drilling progresses to depth, conventional triple-tube drill core recoveries will improve.

Towards the end of the Quarter and continuing on into the current quarter there were three diamond drill rigs and one Sonic rig on-site at the Stavely Project.

During the Quarter diamond drilling commenced at the Mathinna Project in Tasmania.

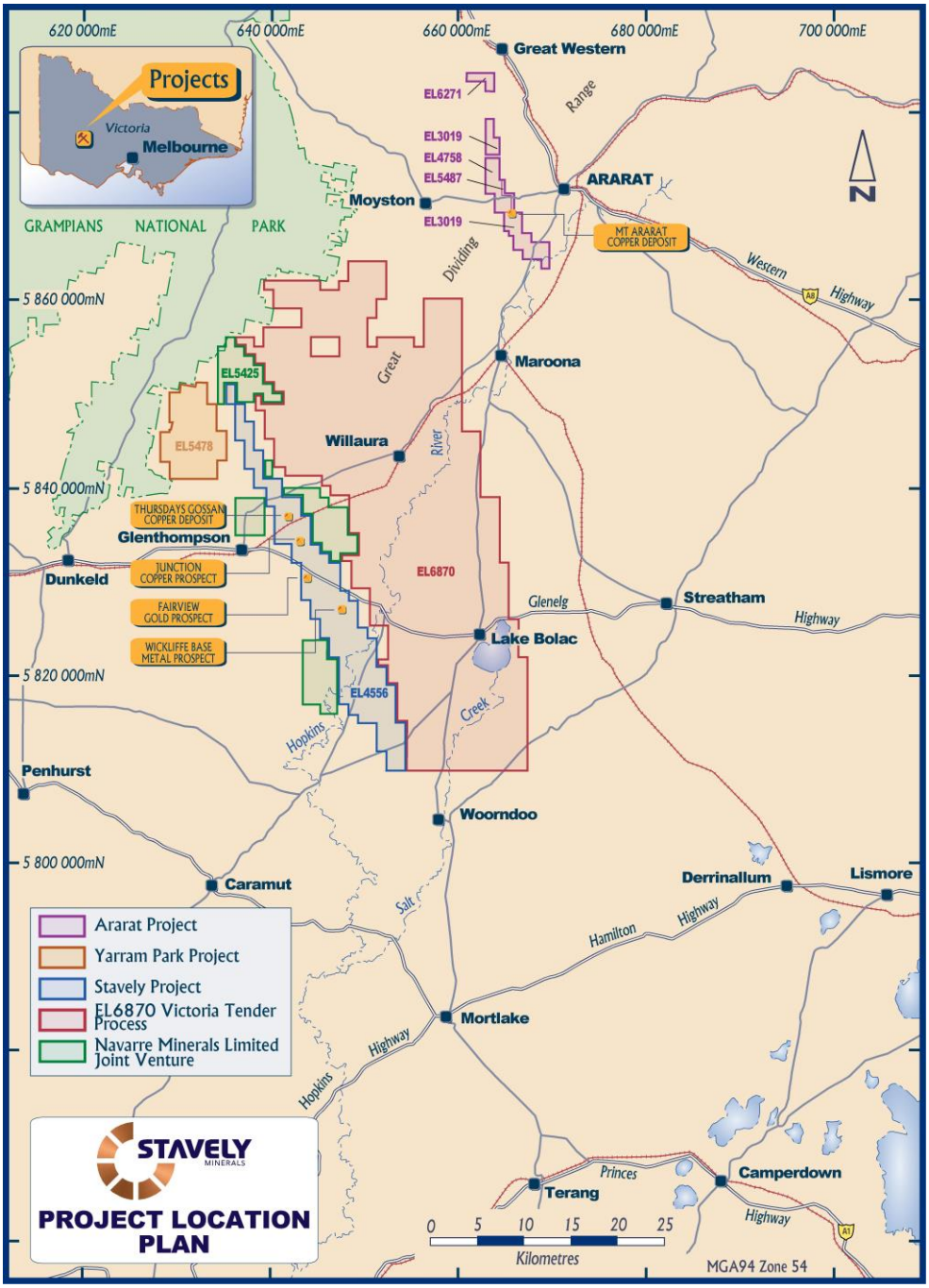

Figure 1. Western Victoria Project location plan.

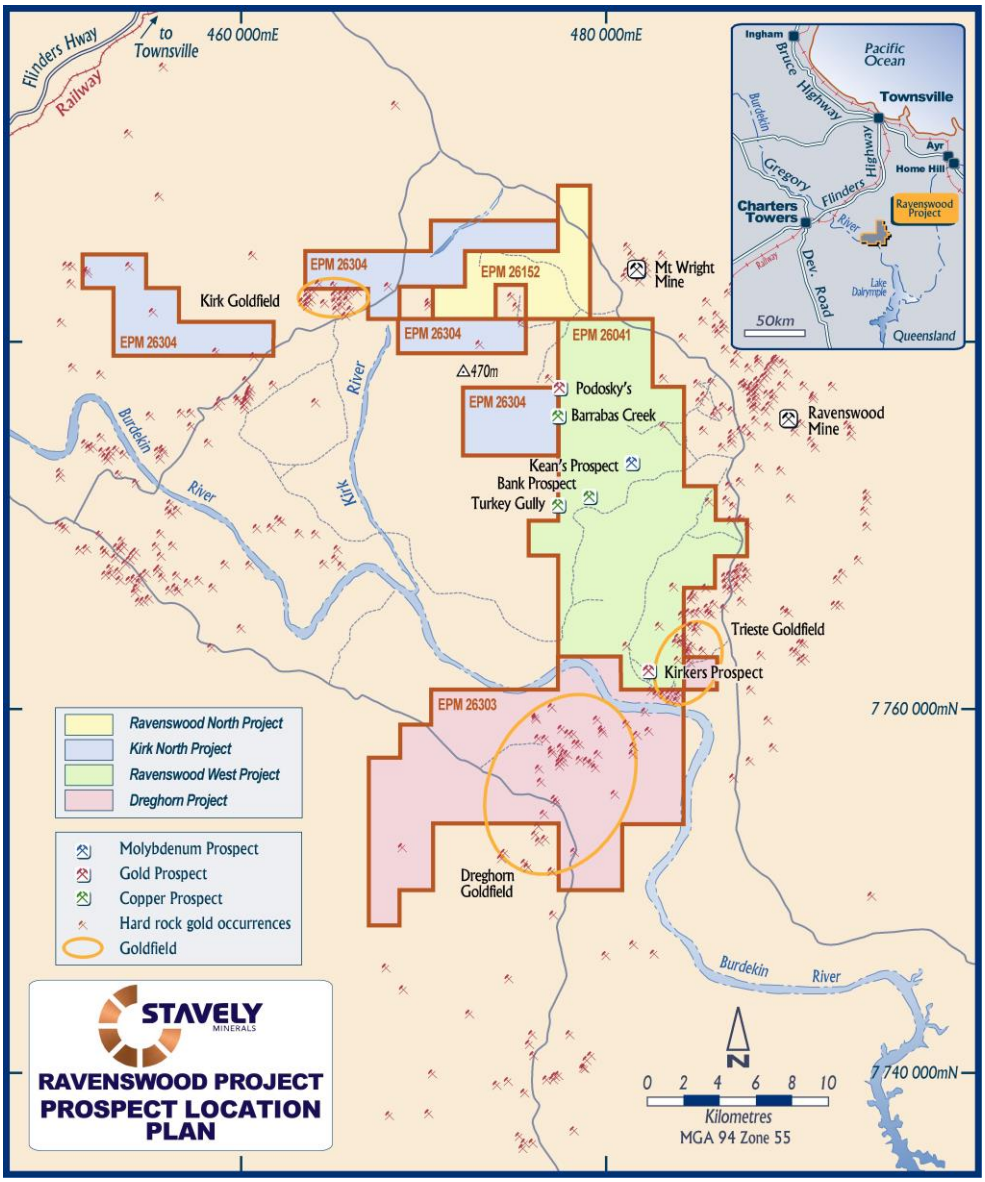

Figure 2. Ravenswood Project location plan.

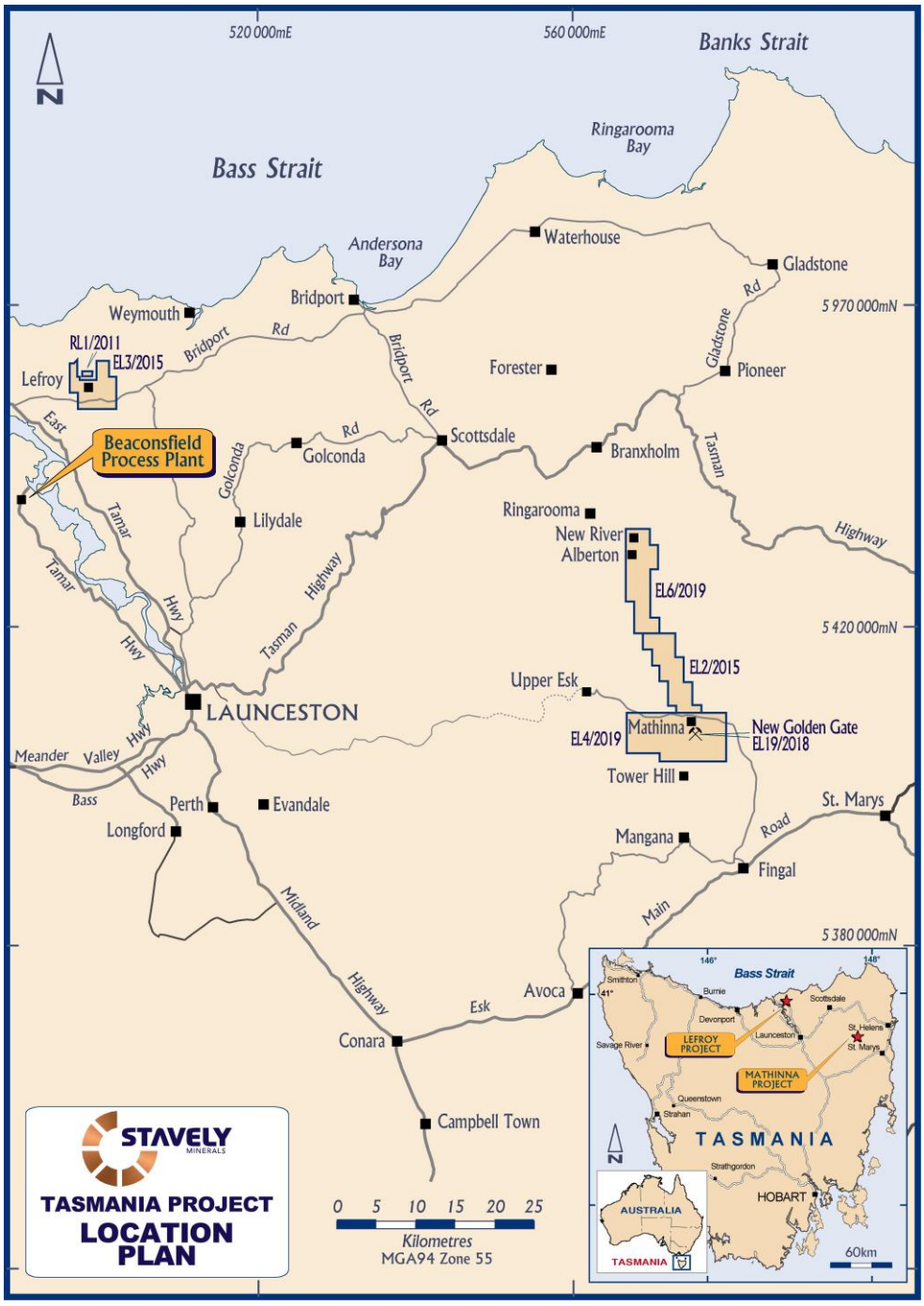

Figure 3. Mathinna Project location plan.

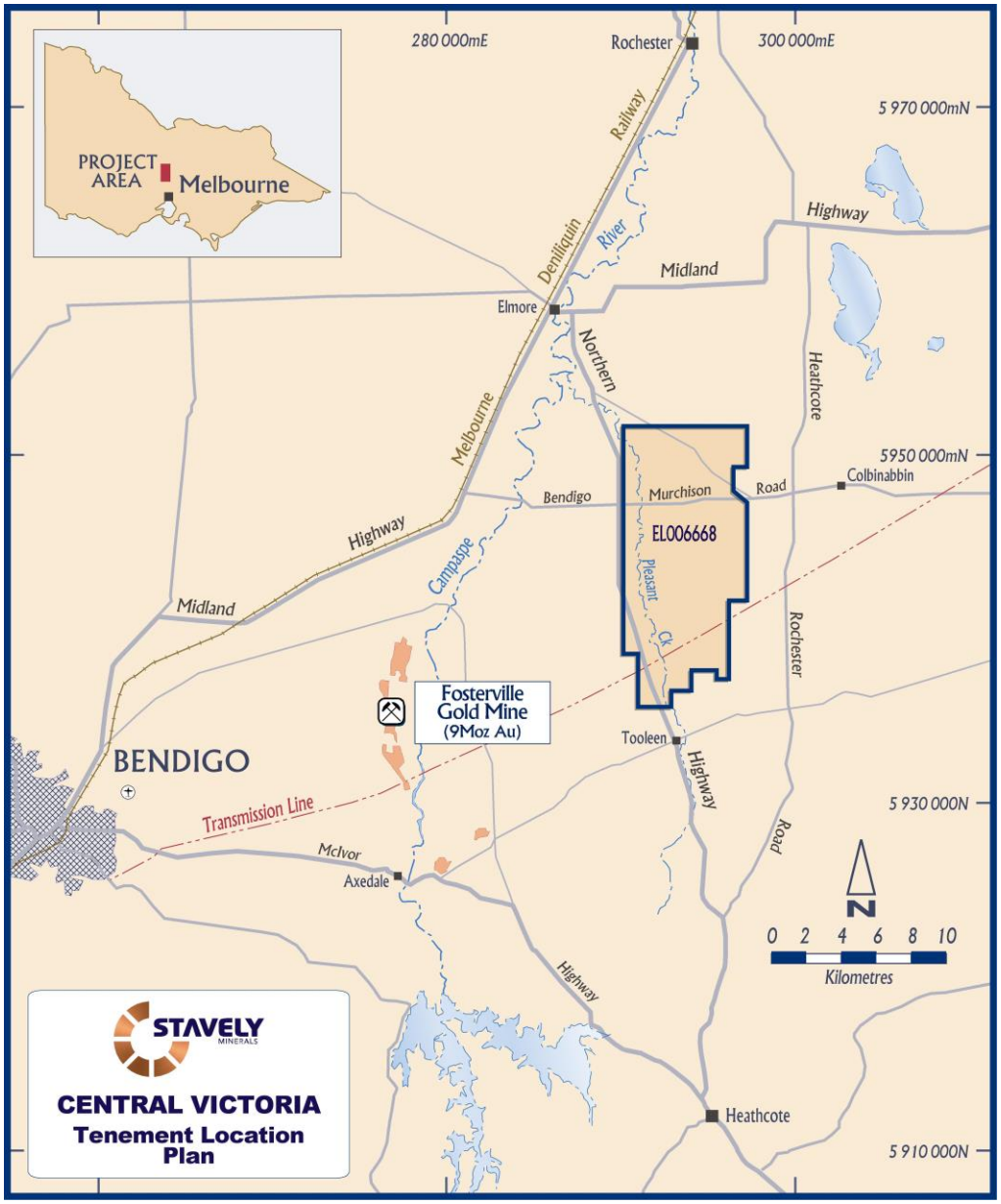

Figure 4. Central Victoria – tenement location plan.

EXPLORATION

Stavely Project (EL4556)

Thursday's Gossan Prospect

During the Quarter, the Company received assays for drill holes SMD053, SMD054, SMD055, SMD056, SMD058 and SMD060 and reported on the visuals for SMD061 to SMD064 and partial visuals for SMD065 to SMD068 which were in progress at the end of the Quarter.

Diamond drill hole SMD053, which is located 320m to the south-east of discovery drill hole SMD050 (Figures 5 and 6) intersected a narrower zone of shallow copper-gold-silver mineralisation with grades of up to 1 metre at 8.42% copper and 1.77g/t gold and 1m at 2.91% copper and 8.69g/t gold (Figure 7):

- 10.3m at 3.09% copper, 1.69g/t gold and 22.6g/t silver from 201m down-hole; including:
  - 5m at 5.81% copper, 3.20g/t gold and 43.6g/t silver, and;
- 2m at 1.17% copper, 1.23g/t gold and 4.1g/t silver

SMD054, located 40m north-west of the discovery drill hole SMD050 (Figures 5 & 6), intersected (Figure 8):

- 11m at 4.62% copper, 0.57g/t gold and 25g/t silver from 86m down-hole, including:
  - 7m at 7.10% copper, 0.72g/t gold and 39g/t silver, including;
    - 3m at 10.87% copper, 0.67g/t gold and 52g/t silver

Similar to discovery drill hole SMD050, which encountered a zone of high-grade nickel-cobalt mineralisation of 4.4m at 3.98% nickel and 0.23% cobalt from 96.7m down-hole below the well-developed copper-gold mineralisation, drill hole SMD054 also intersected (Figure 8):

- 5m at 1.42% nickel and 0.05% cobalt from 96m down-hole

SMD055, drilled 40 metres down-dip of the discovery hole SMD050 (Figure 5 & 6), was abandoned just before the target zone as the core barrel broke and could not be recovered. However, the drill hole did return the following significant shallow intercepts (Figure 9):

- 5m at 1.00% copper, 0.32g/t gold and 7g/t silver from 24m down-hole,
- 5m at 1.37% copper, 0.17g/t gold and 8g/t gold from 78m drill depth

Diamond hole SMD056, a re-drill of SMD055 also did not reach target depth due to the drill rods breaking. Despite this, the hole still intersected a significant zone of mineralisation including (Figure 9):

- 3m at 1.68% copper, 0.18g/t gold and 8g/t silver from 79m down-hole,
- 8.3m at 1.65% copper, 0.23g/t gold and 7.2g/t silver from 157m down-hole, including:
  - 3m at 3.75% copper, 0.25g/t gold and 10.2g/t silver

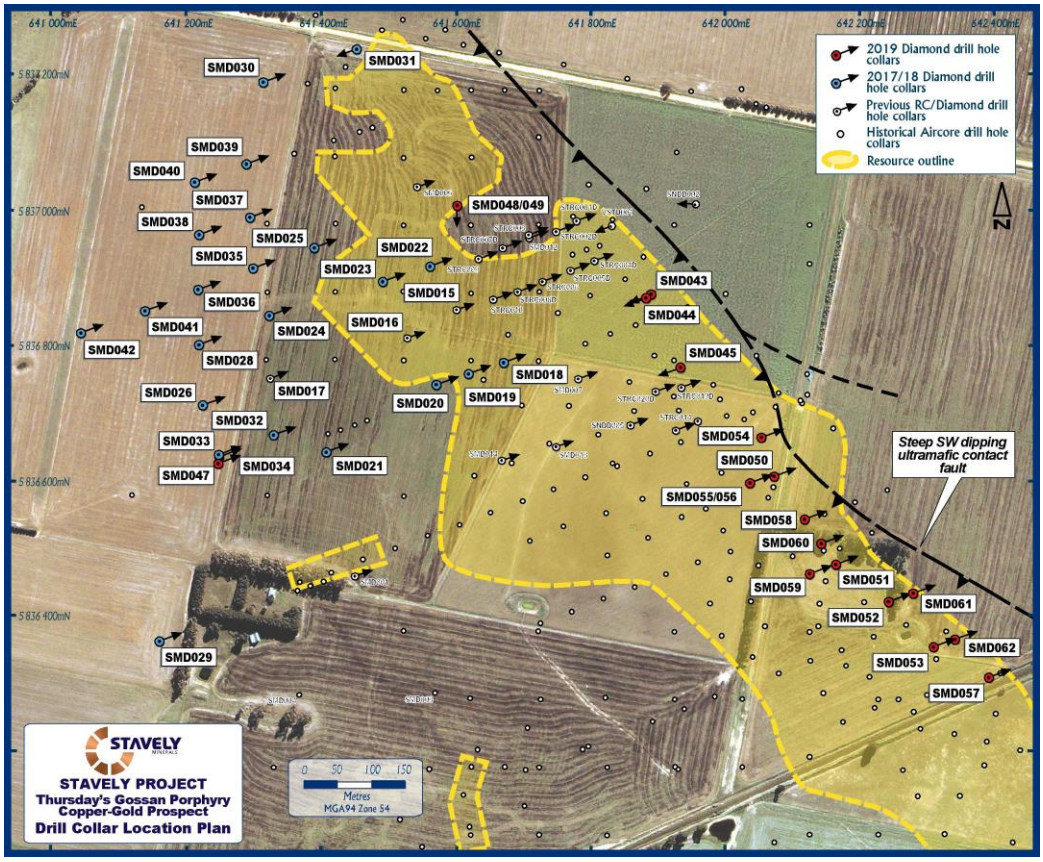

Figure 5. Thursday's Gossan drill hole location plan.

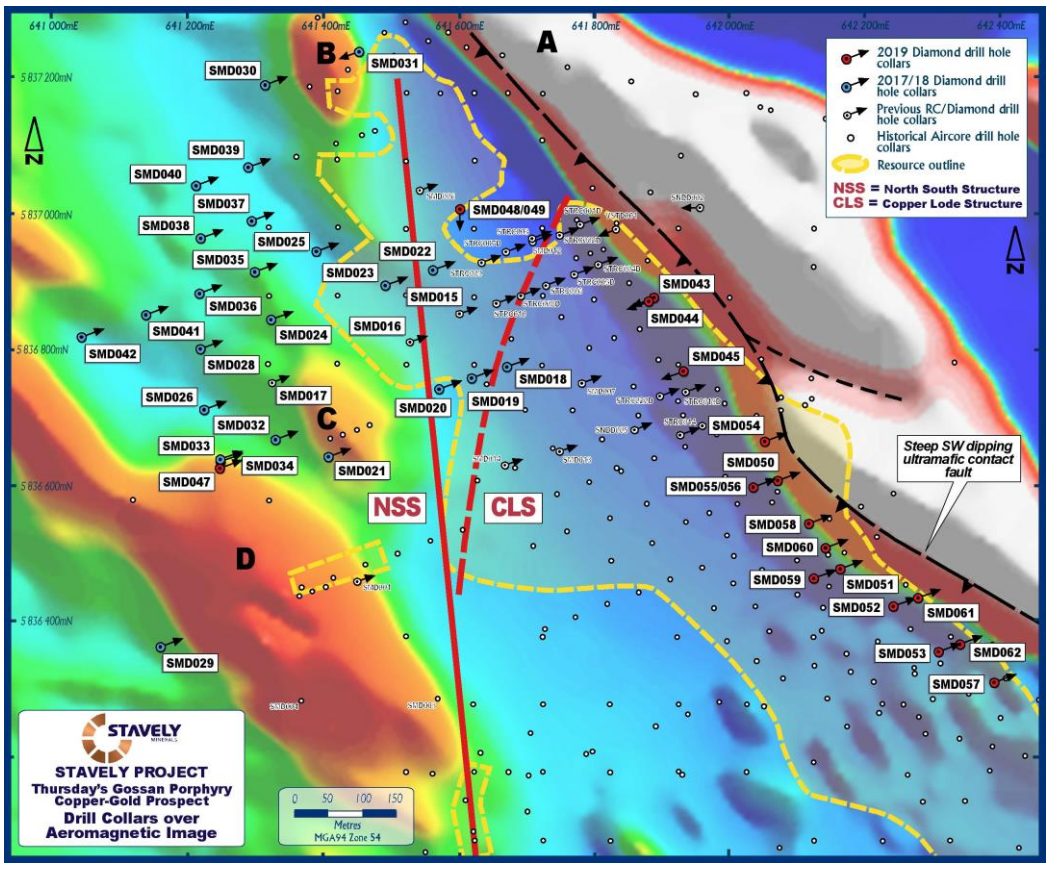

Figure 6. TMI Magnetic image of Thursday's Gossan with drill collars overlaid.

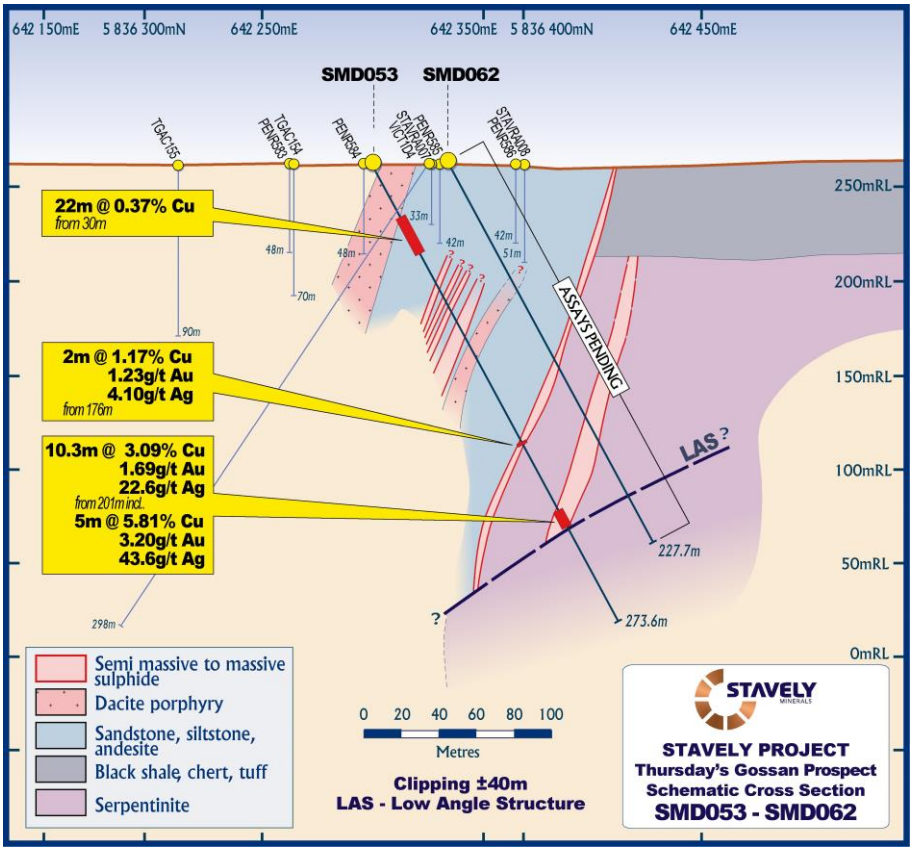

Figure 7. Drill Section SMD053 – SMD062.

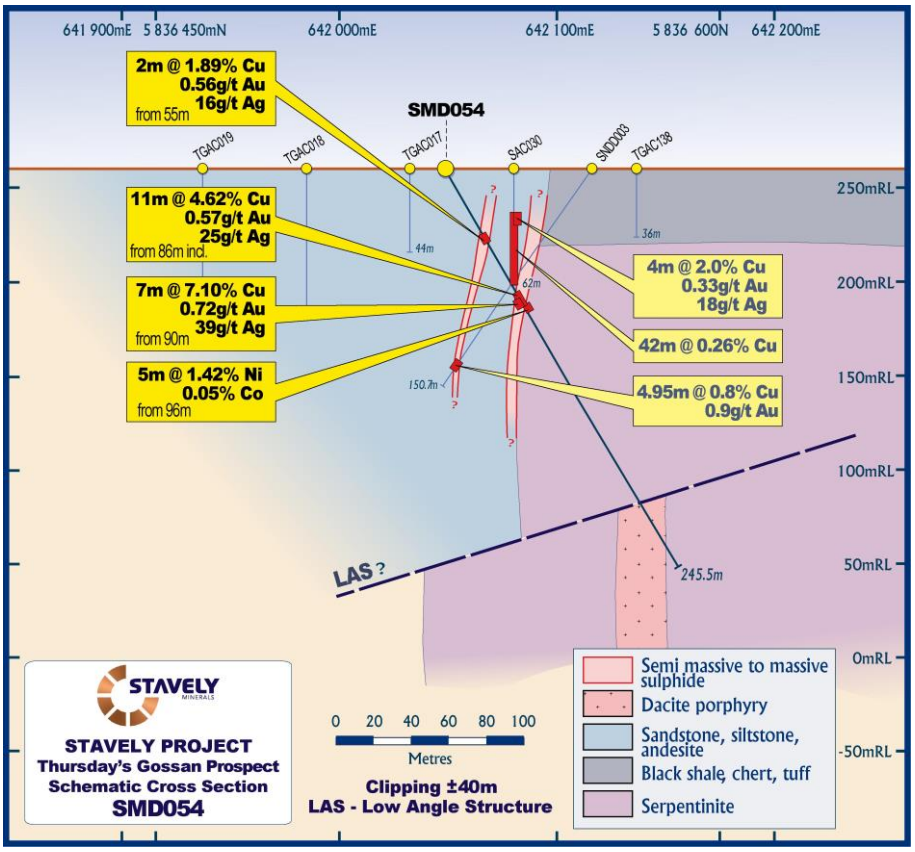

Figure 8. Drill Section SMD054.

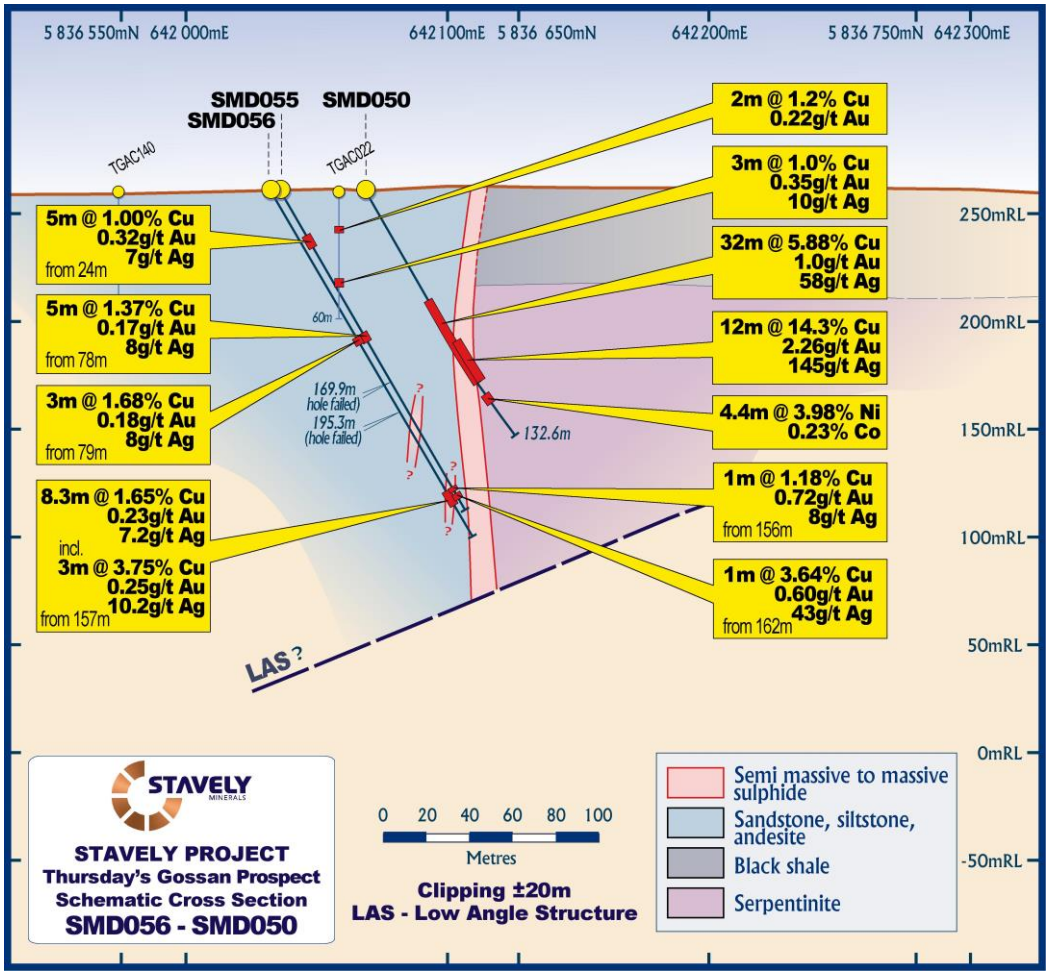

Figure 9. Drill Section SMD055 – SMD056 – SMD050.

SMD058, located 80m to the south-east of discovery drill hole SMD050 (Figure 5 & 6), intersected a thicker zone of mineralisation including a narrower high-grade interval (Figure 10):

- 23m at 1.34% copper, 0.26g/t gold and 3.5g/t silver from 68m down-hole, including:
  - 3m at 6.33% copper, 0.27g/t gold and 2.9g/t silver

Diamond drill hole SMD060, located 120m south-east of the discovery hole SMD050 (Figure 5 & 6), returned several outstanding intercepts within a very broad mineralised envelope from 19.2m to 135.4m (excluding 13.9m of core loss) of 102.3m at 0.68% copper, including (Figure 11):

- 48.2m (excluding 13.2m of core loss) at 1.04% copper, 0.31g/t gold and 14g/t silver from 74m to 135.4m down-hole, including:
  - 12m at 1.55% copper, 0.63g/t gold and 13g/t silver and including;
  - 13.6m (excluding 10.8m of core loss) at 1.90% copper, 0.38g/t gold and 33g/t silver, including:
    - 6.10m at 3.55% copper, 0.73g/t gold and 41g/t silver and associated with minor lead (~0.1% Pb) and zinc (~0.2% Zn) mineralisation.

SMD060 also intercepted similar nickel-cobalt mineralisation within the copper-gold mineralised zone to that observed in the discovery hole SMD050, with an intercept of:

- 2.4m at 1.20% nickel and 0.08% cobalt from 116.6m drill depth

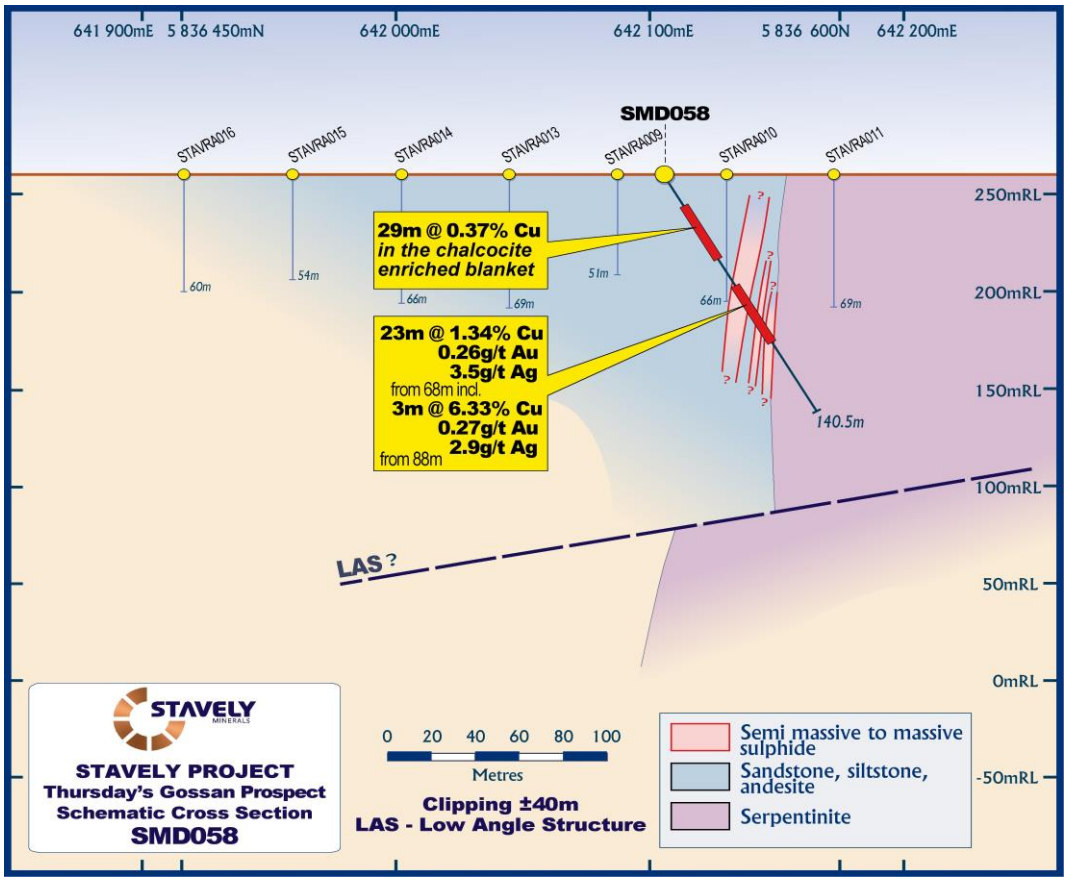

Figure 10. Drill Section SMD058.

The Daily Drill Reports of visual observations for the completed drill holes SMD061-064, as well as for holes SMD065-068 which were in-progress at the end of the Quarter were provided as Appendices 1 to 3 in the ASX announcement dated 17 December 2019. Mineralisation was intersected in hole SMD067 (Figure 5 & 6), which extends the overall strike length of the discovery to about 700m and it remains open in all directions.

The style of mineralisation is generally characterised by early massive to semi-massive pyrite and quartz later fractured / re-opened and brecciated and in-filled with later copper sulphides including colusite, tennantite / tetrahedrite, enargite, chalcocite, covellite, bornite and chalcopyrite.

Consistent with the Magma/Butte mineralisation model, the mineralisation is zoned spatially, both vertically and laterally with respect to the dominant and lesser copper sulphide species (Figure 12). Consequently, within a given interval of massive to semi-massive sulphide, certain intervals are dominated by iron sulphide (pyrite) of no economic significance, there are intervals of mixed pyrite and copper sulphides in varying abundance, and zones that tend to return higher-grade copper assays where the copper sulphides appear in greater abundance.

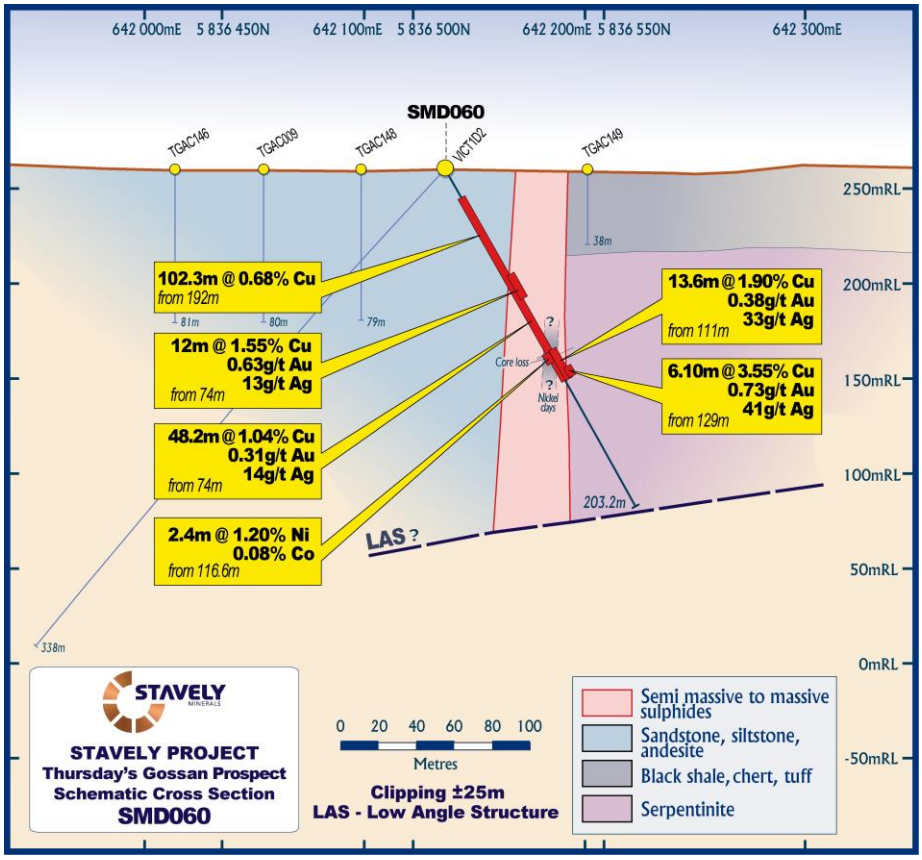

Figure 11. Drill Section SMD060.

During the Quarter, the reprocessed QUESTEM Survey data was received by Stavely Minerals. During the previous quarter, Stavely Minerals had commissioned Newexco Geophysical Services to reprocess the QUESTEM Survey which covers both Stavely's tenement EL4556 and the Black Range JV tenement EL5425. The reconnaissance electromagnetic survey (QUESTEM) was conducted by World Geoscience in 1994 on behalf of North Limited. The inversion was outsourced to Aarhus Geophysics, a Danish-based geophysical consulting company which specialises in airborne EM and provides expertise in geophysical modelling and interpretation.

The original processing of the QUESTEM data was heavily filtered to smooth noise and this results in a considerable loss of resolution in the profiles. The reprocessed data is in the process of being looked at in Leapfrog with the objective of ranking additional exploration targets.

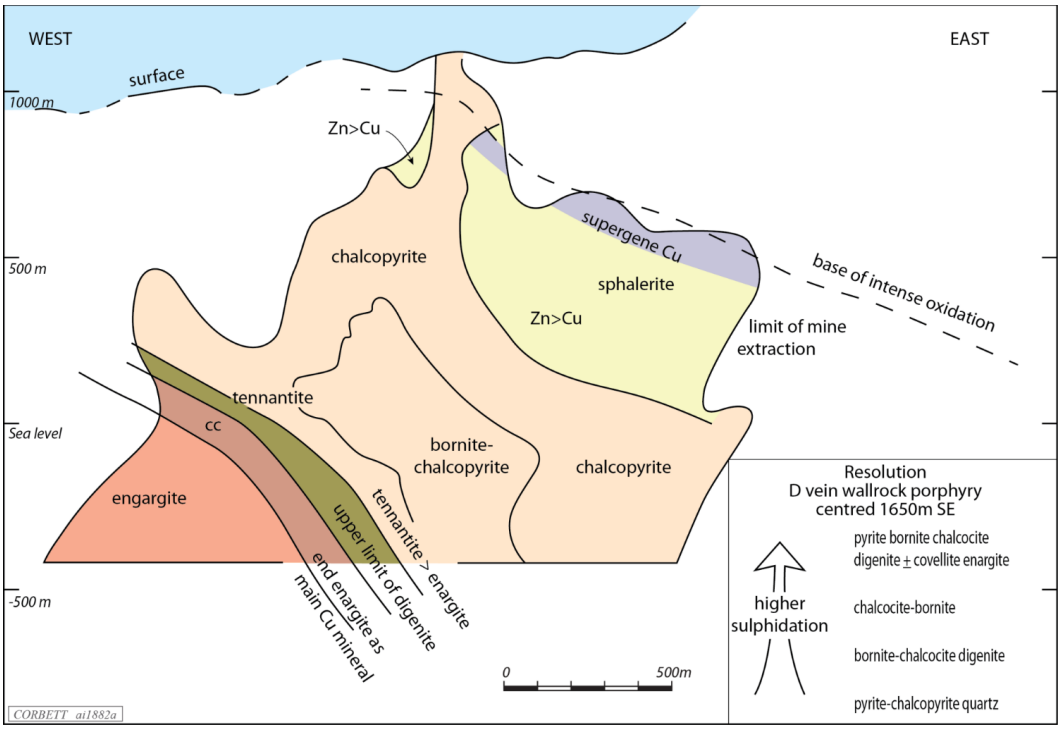

Figure 12. Spatial zonation of copper sulphide species in the Magma Vein – provided by Dr Greg Corbett.

Black Range Joint Venture Project (EL5425)

During and subsequent to the December Quarter, Stavely Minerals completed two diamond drill holes at the Yarram Gap, previously known as the Northern Prospect (Figure 13).

The Yarram Gap prospect comprises two inferred Cambrian intrusions within ultramafic and volcanic units of the Stavely Belt and is considered to have potential for porphyry copper-gold and epithermal gold mineralisation. The possible intrusions coincide with demagnetized zones, surrounded by strongly magnetic units. They occur at the intersection between the northwest-trending Elliott Belt and the northerly-trending Stavely Belt.

The intrusions have been partly tested by lines of North Limited aircore holes and one line of Penzoil holes. The North Limited holes encountered ultramafic, sandstone and intermediate volcanic lithologies. The best result was 115ppm copper from the Penzoil drill holes. North Limited drill hole STAVRA511, targeting a separate aeromagnetic feature to the north, encountered ultramafic rocks and returned 3m at 1.42g/t gold from 24m.

Shallow aircore drilling has so far failed to account for the demagnetized zones within the ultramafic and intermediate volcanic units of the Stavely Belt.

Diamond hole SYGD001 was drilled to a depth of 201.6m at the Yarram Gap prospect targeting the north-west trending contact between volcanic-sedimentary rocks and serpentinite (Figure 14). In recent drilling at the Thursday's Gossan prospect on Stavely Minerals' tenement EL4556, copper-gold-silver mineralisation has been intersected in structures within the ultramafic.

SYGD001 was positioned to test beneath the historic gold intersect. The hole did intersect a fault zone however there was no obvious indications of gold mineralisation associated with the fault.

Diamond hole SYGD002 was drilled to a depth of 201.5m to target the ultramafic contact. Historic aircore drilling and aeromagnetic data was used to plan the position of the drill hole. The three aircore holes to the west intersected mudstone/ sandstone or cover and all the aircore holes to the east intersected serpentinite. Unfortunately, SYDG002 went directly into serpentinite at 25m, directly below the cover and failed to test the ultramafic contact. Apart from a narrow micro gabbro unit at 100m, the hole remained in serpentinite with trace patchy magnetite alteration.

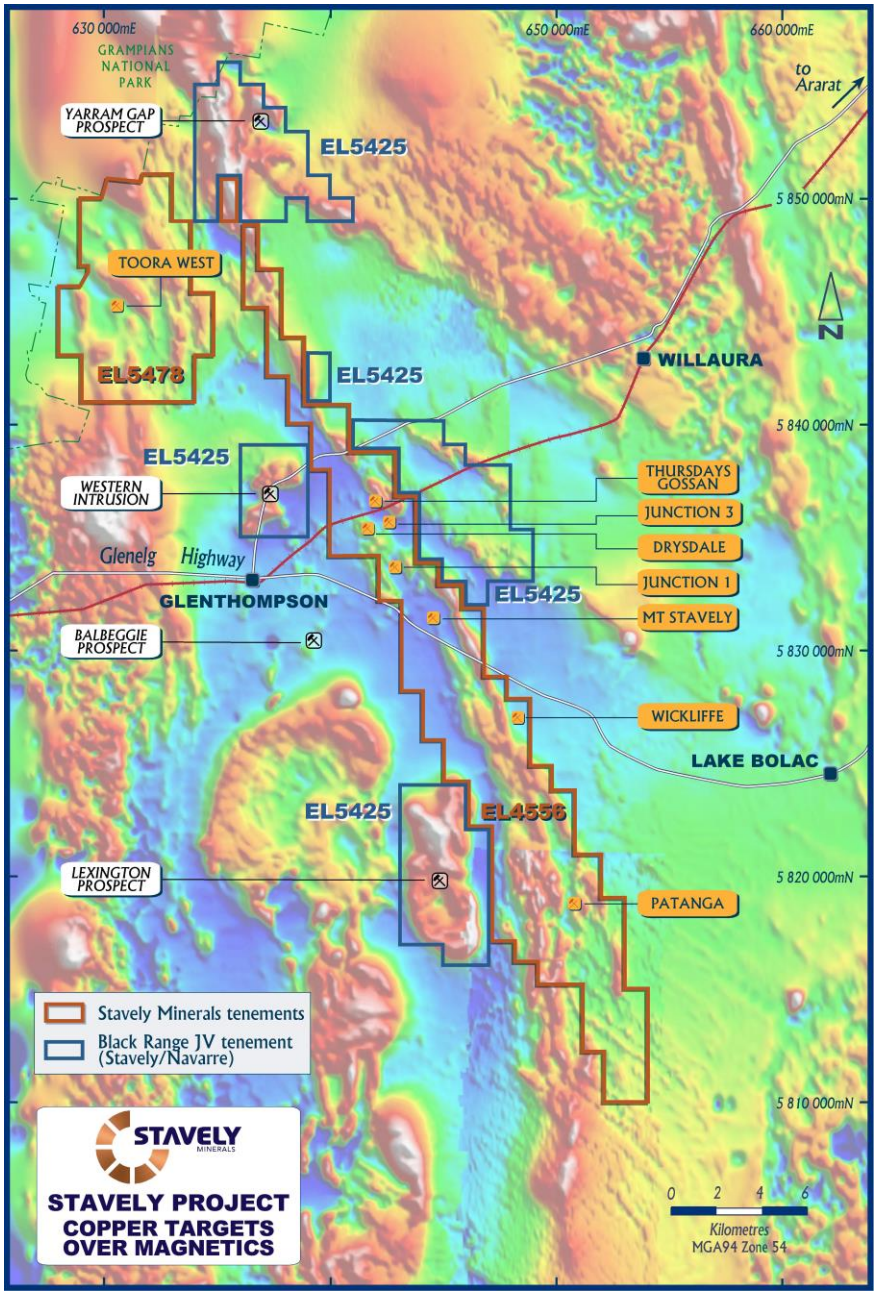

Figure 13. Location of targets at the Stavely Project.

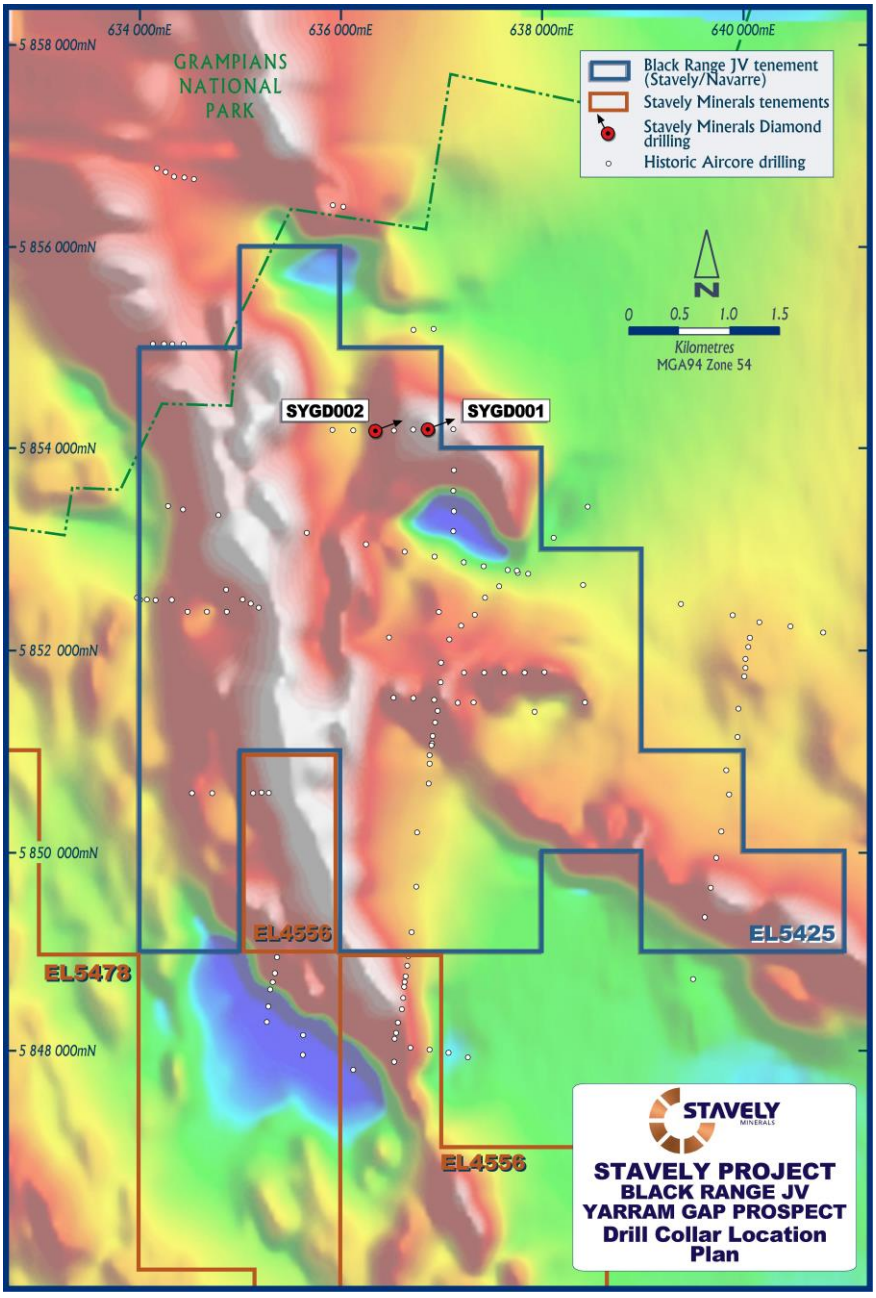

Figure 14. Black Range JV – drill hole location plan.

Yarram Park Project (EL5478)

No exploration was conducted at the Yarram Park Project during the December Quarter.

Ararat Project (EL4758, EL3019, EL5486, EL6271)

No exploration was conducted at the Ararat Project during the December Quarter.

Ravenswood Project (EPM26041, EPM26152, EPM26303 & EPM26304)

No on ground exploration activities were conducted on the Ravenswood Project during the December Quarter.

Tasmania and Central Victoria (EL19/2018, EL4/2019, EL6/2019, EL2/2015, EL3/2015, RL1/2011, EL6668)

As previously announced, the Company's wholly owned subsidiary, Stavely Tasmania Pty Ltd (Stavely Tasmania), has been granted two Exploration Licences (EL19/2018 and EL4/2019) covering the Mathinna goldfield and one priority Exploration Licence Application (ELA6/2019) over the northern extension of the structural trend (Figure 15).

Stavely Tasmania has now acquired an Exploration Licence (EL2/2015) that consolidates ownership of the entire structural trend for over 30km from Tower Hill in the south through to Alberton in the north. This is the first time that the ownership of the entire structural trend has been consolidated.

The historical reported production from the entire Mathinna – Alberton Project is 315,000 ounces of gold at an average reported grade of 26 g/t gold[2], although government reports from 1914 highlight that the reported production excludes an estimated 20,000 to 30,000 ounces of alluvial gold production[2].

As part of a regional review of the gold potential of north-east Tasmania, a number of high-grade goldfields were identified. One of the areas of interest was the Lefroy Goldfield. The area is dominated by numerous high-grade trends which have historically been mined down to a depth of between 30 and 100 metres. These mines, like the New Golden Gate mine at the Mathinna Project, operated in the late 1800's and closed in the early 1900's.

Historical government records show that the region produced around 180,000 ounces of gold at a reported grade of 28 g/t gold[3]. While there were over 50 mineralised trends producing gold in the late 1800's, the bulk of the gold (162,000 ounces) was produced from four mines – the Volunteer, Pinafore, Chum and Native Youth mines [3].

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

[3] Tasmania Department of Mines – Report 1994/03, *Northeast Goldfields: A Summary of the Beaconsfield, Lefroy , Back Creek and Gladstone goldfields*, McClenaghan, 1994

The area has had limited modern exploration conducted in the last 20 years, and the exploration undertaken has been focused near the historical mines, with a number of high priority coincident gold and arsenic in soil anomalies yet to be followed up.

As a result, two tenements have been acquired at Lefroy, one Retention Licence (RL1/2011) which covers the historical Pinafore and Chum mines, and one Exploration Licence (EL3/2015) which covers the majority of the rest of the historical goldfield[3] (Figure 16).

Once the historical data has been complied, it is expected that ground-based field activities in the Lefroy area will commence in the first half of 2020.

As part of the consolidation of the Mathinna – Alberton and Lefroy goldfields in north-eastern Tasmania, a number of other opportunities have been reviewed. This included a review of opportunities in the similar aged rocks of central Victoria. As a result, Stavely Tasmania has acquired one Exploration Licence (EL6668) located approximately 10km east of the very high grade, +9 million-ounce Fosterville Gold Mine, which is operated by Kirkland Lake Gold Limited (Figure 4).

The tenement is largely covered by shallow transported sediments, which has hindered the use of surface geochemistry for exploration targeting. Based on the publicly available data, there is an interpreted structure running through the tenement, which appears to be sub-parallel to the main north-northwest structures which control the mineralisation at Fosterville.

A full review of the historical exploration data is underway and it is expected that, following this, an initial drill program will be undertaken on the Project in the first half of 2020.

Mathinna Gold Prospect

During the Quarter diamond drilling commenced at the Mathinna Project in the vicinity of the New Golden Gate Mine. This drilling together with the stratigraphic drilling to be conducted as part of the MRT exploration drilling grant initiative program 2020 was on going at the end of the Quarter.

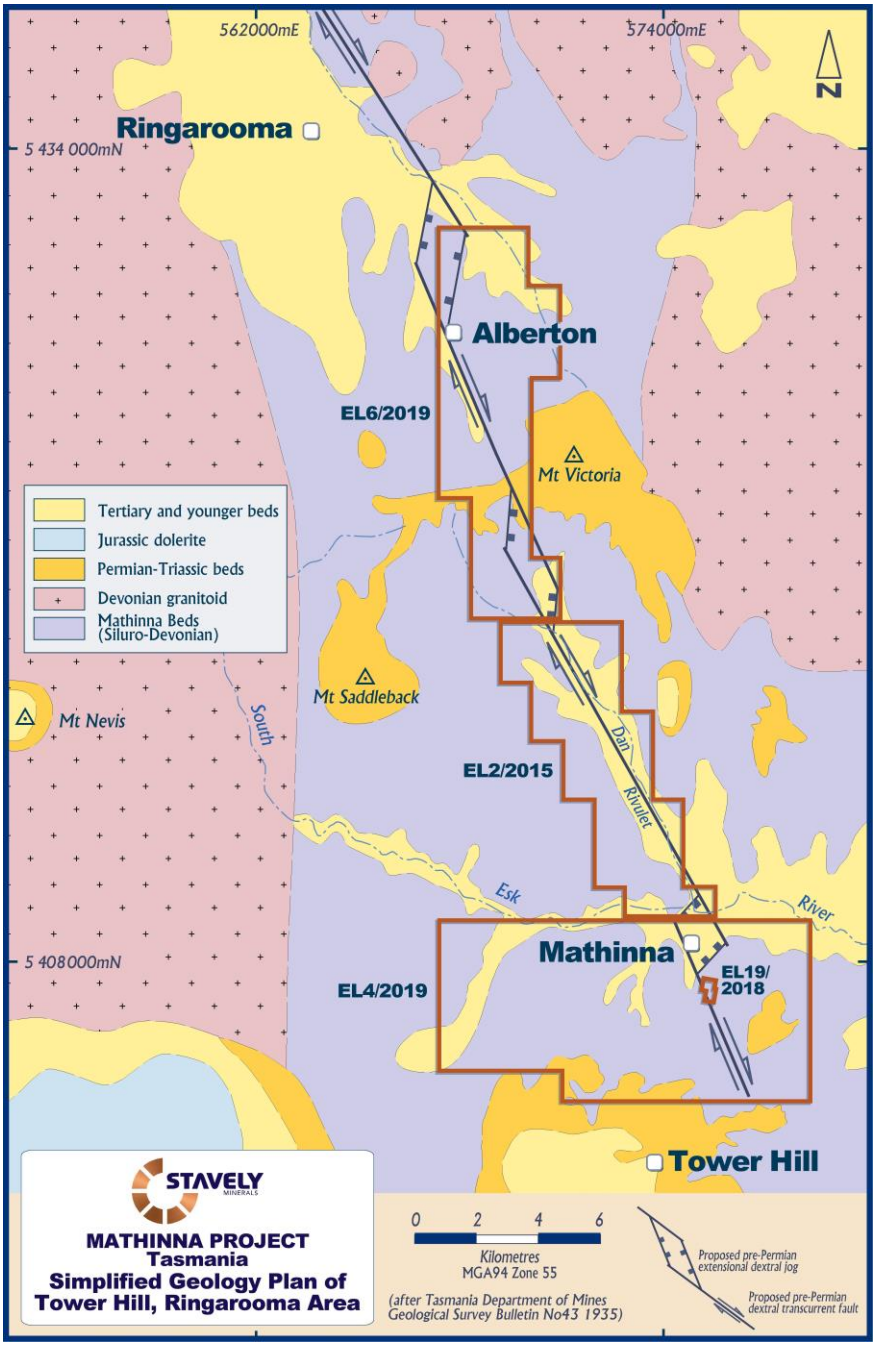

Figure 15. Simplified Geology of the Mathinna – Alberton Project.

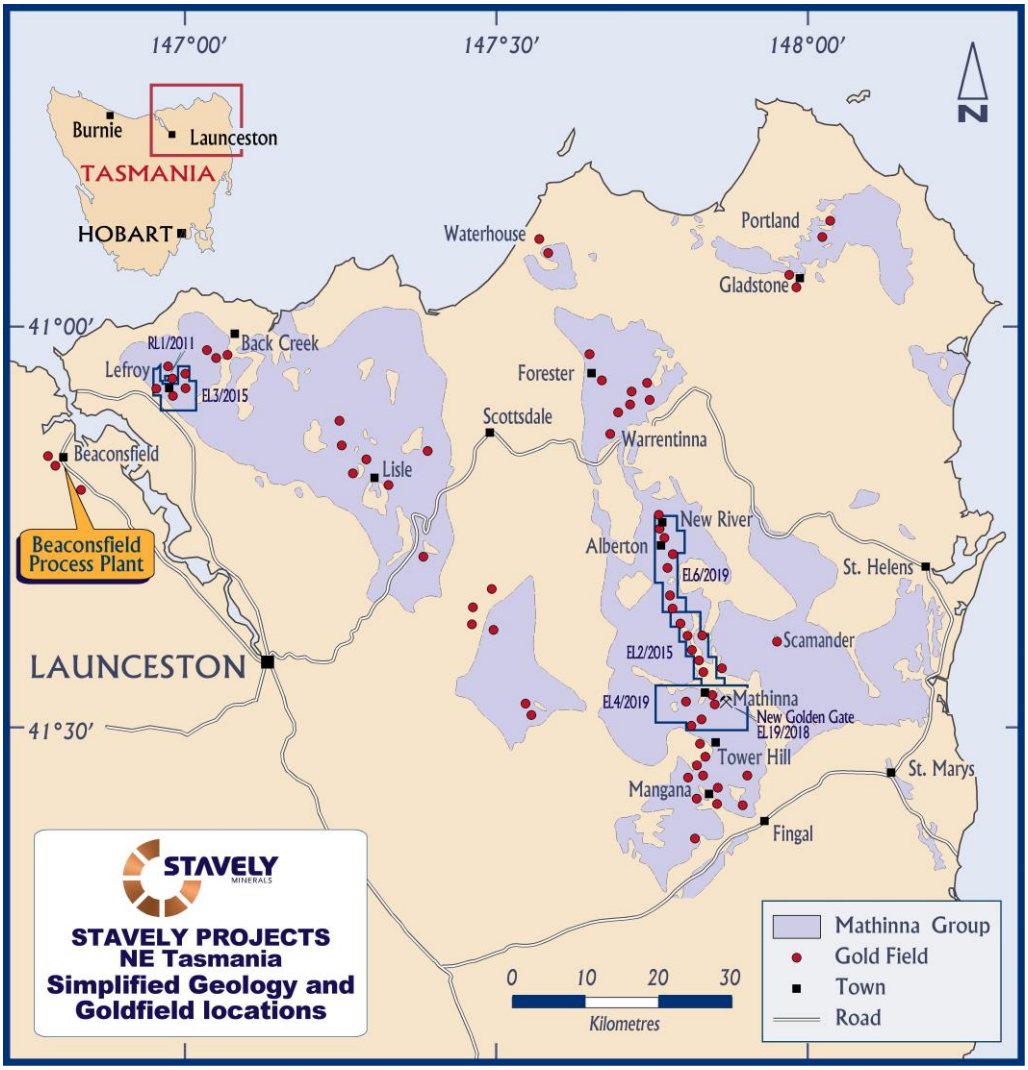

Figure 16. Tenement location plan over simplified geology of NE Tasmania.

Planned Exploration

Stavely Project (EL4556)

During the next quarter, drilling will continue at Thursday's Gossan to follow-up the recent structurally controlled high-grade copper-gold-silver mineralisation on the UCF as well as starting to test some of the more regional targets. Two diamond rigs and the Sonic rig will be conducting infill and extensional drilling of the UCF mineralisation. One diamond drill rig will be testing other regional targets, including Junction 3 and Junction 1 (Figure 13).

The Junction 3 porphyry target has shallow drill intercepts including 16.5 metres at 0.86% copper from 20 metres drill depth and 16 metres at 1.0% copper from 42 metres drill depth, likely to be intervals of secondary chalcocite-enriched primary copper mineralisation with discrete structurally-controlled lode-style copper-gold-silver potential at depth and coincident with a notable magnetic high.

At Junction 1, a previous aircore holeTGAC078, returned 57m at 2.43% copper and 22g/t silver from 2m to end of hole and 6m at 0.16g/t gold.

During the next quarter downhole EM will be conducted on a number of the recent holes drilled into copper-gold-silver mineralisation on the UCF. Drill holes at approximately 160m spacing were extended well past the mineralised zone and have been cased with PVC in preparation for a downhole electromagnetic (DHEM) survey. The DHEM survey will be able to detect if there are any off-hole conductors within a radius of ~200m of the drill hole. Following on from the DHEM survey, a ground EM survey will be conducted over the Junction, Junction 1 and Drysdale prospects.

Hiseis Pty Ltd has been contracted by Stavely Minerals to conduct a 2D seismic survey in the vicinity of the Thursday's Gossan prospect during the next quarter. Data from the survey will assist in following up the recently discovered copper-gold-silver mineralised structures to approximately 2km depth at the Thursday's Gossan prospect, as well as potentially identifying other prospective structures and assisting in targeting the deeper porphyry metal source target.

Black Range Joint Venture (EL5425)

During the next quarter a DHEM survey will be conducted on both the recently drilled holes at the Yarram Gap prospect. The DHEM survey will be able to detect if there are any off-hole conductors within a radius of ~200m of the drill hole.

Selective sampling will be conducted on SYGD001 and SYGD002 through zones of interest. These samples will be submitted to ALS in Adelaide for gold and multi-element analysis.

Mathinna Project (EL19/2018, EL4/2019)

During the next quarter, diamond drilling undertaken as part of the MRT exploration drilling grant initiative program 2020 on the Mathinna Project will continue.

CORPORATE

Stavely Minerals had a total of $17.5M cash on hand at the end of the December 2019 Quarter.

During the Quarter, the Company completed a capital raising of $19.6M:

- $19.6M sophisticated and institutional investor share placement at $1.00 per share.
- Funds to be used to accelerate drilling at the Thursday's Gossan prospect, other regional targets in the Stavely Project, as well as advancing the gold targets in Tasmania and Queensland.

Stavely Minerals expanded its high-grade gold exploration portfolio on the Eastern Seaboard of Australia with a series of strategic and complimentary acquisitions in Tasmania and Victoria.

Through its 100%-owned subsidiary, Stavely Tasmania Pty Ltd, the Company entered into agreements to acquire the historical Lefroy Goldfield (another significant high-grade producer historically), expand its existing Mathinna Gold Project in north-east of Tasmania and acquire a highly strategic Exploration Licence in central Victoria, located approximately 10km east of the world-class +9Moz Fosterville Gold Mine.

The tenements were purchased outright from three private groups. The combined upfront cash consideration payable on completion totals $105,000. There are also a number of deferred consideration payments that must be made over the next 18 months which total $295,000.

As part of the consideration for the Victorian Exploration Licence (EL6668) there is also a 0.5% NSR royalty payable on future gold production from the tenement. The royalty payments are capped at $1,000,000.

There are no royalties payable on any of the Tasmanian tenements purchased.

ANNOUNCEMENTS

Investors are directed to the following announcements (available at www.stavely.com.au) made by Stavely Minerals during the December 2019 Quarter for full details of the information summarised in the Quarterly Report.

02/10/2019 - Clarification of Sulphide Abundances in Drill Hole SMD051

07/10/2019 - Outstanding Thick Intercepts in First Step-Out Hole

04/11/2019 - New High-Grade Intercepts in Step-Out Drilling

27/11/2019 - New High-Grade Assays from Step-Out and In-Fill Drilling

29/11/2019 - Stavely Expands High-Grade Gold Portfolio

17/12/2019 - Shallow Copper-Gold Discovery Grows to 700m Strike Extent

During the Quarter Stavely Minerals presented at the following conferences:

30/10/2019 - International Mining and Resources Conference 2019 – Melbourne

08/11/2019 - Victoria Minerals Round Up 2019 – Mount Macedon

Tenement Portfolio - Victoria

The tenements held by Stavely Minerals as at 31 December 2019 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Mt Ararat	EL 3019	21 December 1989	23
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Black Range JV*	EL 5425	18 December 2012	100
Yarram Park	EL 5478	26 July 2013	53
Ararat	EL 5486	10 July 2014	1
Ararat	EL 6271	21 July 2016	4
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139

* Tenement held by Black Range Metals Pty Ltd a fully owned subsidiary of Navarre Minerals Limited

The statutory 40% partial relinquishment of the original tenement area of EL5425 was completed during the Quarter. Subsequent to the quarter, Stavely Minerals informed Navarre Minerals that the expenditure commitment of $150,000 had been fulfilled for the first earn-in period for the Stavely Farm-in and Joint Venture Agreement.

The tenements held by Stavely Tasmania Pty Ltd as at 31 December 2019 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Myola*	EL6668	6 March 2018	111

* Title in the process of being transferred – subject to Ministerial approval

Tenement Portfolio - Queensland

The tenements held by Ukalunda Pty Ltd as at 31 December 2019 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Ravenswood West	EPM26041	24 May 2016	145
Ravenswood North	EPM26152	15 September 2016	32
Dreghorn	EPM26303	23 March 2017	49
Kirk North	EPM26304	23 March 2017	29

Tenement Portfolio - Tasmania

The tenements held by Stavely Tasmania Pty Ltd as at 31 December 2019 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Mathinna	EL19/2018	20 July 2019	2.38
Mathinna	EL4/2019	22 August 2019	68
Mathinna	EL6/2019 (ERA1124)	(15 July 2019)	40
Mathinna	EL2/2015*	28 May 2015	33
Lefroy	RL1/2011*	23 April 2012	1
Lefroy	EL3/2015*	8 January 2015	27

* Title in the process of being transferred – subject to Ministerial approval

Chris Cairns
Managing Director and Executive Chairman

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.

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

Thursday's Gossan Prospect – Collar Table							
		MGA 94 zone 54					
Hole id	**Hole Type**	**East**	**North**	**Dip/ Azimuth**	**RL (m)**	**Total Depth (m)**	**Comments**
SMD050	DD	642070	5836609	-60/59.5	264	132.6	
SMD051	DD	642160	5836476	-60/59.5	264	220.9	
SMD052	DD	642238	5836421	-60/59.5	264	271.7	
SMD053	DD	642302	5836355	-60/59.5	264	273.6	
SMD054	DD	642048	5836641	-60/59.5	264	245.5	
SMD055	DD	642032	5836595	-60/59.5	264	169.9	Hole failed prior to target depth
SMD056	DD	642031	5836590	-60/59.5	264	185.8	Hole failed prior to target depth
SMD057	DD	642386	5836309	-60/59.5	264	242.2	
SMD058	DD	642115	5836542	-60/59.5	264	140.5	
SMD059	DD	642122	5836461	-60/59.5	264	317.8	
SMD060	DD	642137	5836508	-60/59.5	264	203.2	
SMD061	DD	642276	586435	-60/59.5	264	219.5	
SMD062	DD	642337	5836367	-60/59.5	264	227.70	
SMD063	DD	642063	5836585	-60/59.5	264	162.7	
SMD064	DD	642041	5836619	-60/59.5	264	184.9	
SMD065	DD	642197	5836489	-60/59.5	264	In Progress	
SMD066	DD	641936	5836807	-60/59.5	264	In Progress	
SMD067	DD	641884	5836880	-60/59.5	264	In Progress	
SMD068	DD	642275	5836478	-60/59.5	264	In Progress	

Thursday's Gossan Prospect – Intercept Table

		MGA 94 zone 54					Intercept						
Hole id	Hole Type	East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	Ag (g/t)	Ni (%)
SMD050	DD	642070	5836609	-60/59.5	264	132.6	62	94	32	5.88	1.00	58	
						Incl.	82	94	12	14.3	2.26	145	
						and	85	87	2	40	3.00	517	
							96.7	101.1	4.4				3.98
SMD051	DD	642160	5836476	-60/59.5	264	220.9	98.0	157.0	59	1.80	0.43	15.4	
						Incl.	106.6	115.1	8.5	4.38	0.87	32.7	
						and	134.0	137.0	3.0	5.66	0.29	4.60	
							177.0	185	8.0	9.69	0.40	16.8	
						Incl.	179.0	181.0	2.0	17.30	0.57	13.1	
SMD052	DD	642238	5836421	-60/59.5	264	271.7	25	92	67	0.38	0.10	2.5	
						Incl.	76	92	16	0.63	0.28	7.0	
						Incl.	77	84	7	0.98	0.23	12	
SMD053	DD	642302	5836355	-60/59.5	264	273.6	30	52	22	0.37			
							176	178	2	1.17	1.23	4.1	
							201	211.3	10.3	3.09	1.69	22.6	
						Incl.	202	207	5	5.81	3.20	43.6	
						and	203	204	1	8.42	1.77	97	
						and	204	205	1	2.91	8.69	23.9	
SMD054	DD	642048	5836641	-60/59.5	264	245.52	55	57	2	1.89	0.56	16	
							86	97	11	4.62	0.57	25	
						Incl.	90	97	7	7.10	0.72	39	
						Incl	92	95	3	10.87	0.67	52	
							96	101	5				1.42
SMD055	DD	642032	5836595	-60/59.5	264	169.9	24	29	5	1.00	0.32	7	
							78	83	5	1.37	0.17	8	
							156	157	1	1.18	0.72	8	
							162	163	1	3.64	0.60	43	
SMD056	DD	642031	5836590	-60/59.5	264	185.8	79	82	3	1.68	0.18	8	
							157	165.3	8.3	1.65	0.23	7.2	
						Incl.	157	160	3	3.75	0.25	10.2	
							68	91	23	1.34	0.26	3.5	
						Incl.	88	91	3	6.33	0.27	2.9	
SMD0058	DD	642115	5836542	-60/59.5	264	140.5	19	48	29	0.37			
							68	91	23	1.34	0.26	3.5	
						Incl.	88	91	3	6.33	0.27	2.9	

Thursday's Gossan Prospect – Intercept Table													
		MGA 94 zone 54					Intercept						
Hole id	Hole Type	East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	Ag (g/t)	Ni (%)
SMD059	DD	642122	5836461	-60/59.5	264	317.8	21	22	1		3.15	25	
							197	202	5	3.28	0.27	13	
							235	253	18	1.00	0.10	3	
						Incl.	245.8	252.6	6.8	1.85	0.17	6	
SMD060	DD	642137	5836508	-60/59.5	264	203.2	19.2	135.4	102.3[1]	0.68			
						Incl.	74	135.4	48.2[2]	1.04	0.31	14	
						Incl.	74	86	12	1.55	0.63	13	
						and	111	135.4	13.6[3]	1.90	0.38	33	
						Incl.	129	135.1	6.10	3.55	0.73	41	
							116.6	119	2.4[4]				1.20

1. Excluding 13.9m of core loss
2. Excluding 13.2m of core loss
3. Excluding 10.8m of core loss
4. 1.8m of core loss immediately above this interval