STAVELY MINERALS
ASX Code: SVY

Quarterly Report June 2023

HIGHLIGHTS

Exploration

Stavely Project, Thursday's Gossan, Western Victoria

- Planned deep porphyry drilling on a revised target has been brought forward.
- Porphyry consultant Dr Steve Garwin has reviewed the diamond drilling conducted earlier this year at Thursday's Gossan.
- Three of the four planned 800m deep diamond drill holes at Thursday's Gossan have been completed, with all three holes intersecting zinc-rich mineralisation consistent with a number of previous holes drilled below the plunge of the high-grade copper-gold-silver Cayley Lode.
- Despite four attempts (two holes and two wedges), the south-easternmost diamond drill hole, could not be progressed through a major structural zone to the target depth.

Stavely Project, Regional Exploration, Western Victoria

- An initial diamond drill-hole (STDD001) completed at the S41 Prospect has intersected low-level gold-silver mineralisation in a poly-phase breccia, including:
  - 1m at 2.16g/t Au and 2.6g/t Ag from 282m drill depth
  - 37m at 0.10g/t Au and 4.8g/t Ag from 320m drill depth, including:
    - 2m at 0.56g/t Au from 320m, and
    - 5m at 24.3g/t Ag from 353m drill depth
- From previous air-core drilling the breccia system has been identified over a NW-oriented strike extent of ~2 kilometres, offering the potential for significant scale.

Corporate

- Stavely Minerals had a total of $1.66M cash on hand at the end of the June 2023 Quarter.
- The Company has agreed to acquire Chalice Mining Limited's Hawkstone Nickel-Copper-Cobalt Project in West Kimberley region of Western Australia.
- The Hawkstone Project sits along strike from the Buxton Resources/IGO Joint Venture's Double Magic Project, which hosts the Merlin nickel-copper-cobalt discovery (average 8% nickel tenor), located ~1km along strike from the Hawkstone tenement boundary.
- The summary terms of the acquisition are that Stavely is acquiring Chalice Mining's wholly-owned subsidiary, North West Nickel, for consideration of $1.4 million of equivalent value in Stavely Minerals shares.

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AMEC
ASSOCIATION OF MINING AND EXPLORATION COMPANIES
2023 MEMBER

ASX Code: SVY
Shares on issue: 366M
Market capitalisation: $33M
Cash (30 June 2023): $1.66M
ABN 33 119 826 907

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- Binding commitments received for A$3.55 million placement to institutional and sophisticated investors at A$0.09 per share. One placement option offered for every two placement shares at a strike price of $0.15 and an expiry of 30 June 2024.

OVERVIEW

During the Quarter the final diamond drill hole (SMD187) in the current drilling program at Thursday's Gossan was completed. In addition, an initial diamond drill hole was completed at the S41 Prospect.

Diamond drill hole SMD187 also intersected the zinc-rich mineralisation similar to that encountered in SMD183 and SMD185. These 3 holes are interpreted to have been drilled below the plunge of the high-grade copper-gold-silver Cayley Lode and were targeting the causative porphyry responsible for the formation of the Lode.

Late in the Quarter porphyry consultant Dr Steve Garwin visited the Stavely site to review the previous diamond drilling at Thursday's Gossan and at the S41 breccia prospect. The on-site team, working with Dr Garwin, identified a revised porphyry target that has merit for immediate drill testing. A drier winter is forecast for western Victoria and the Company has previously drilled through winter by employing track-mounted diamond rigs and tracked supported vehicles to minimise the use of rubber-tyre vehicles in the paddock. This significantly reduces the impact of bogged vehicles and rutting. This drill testing is to be brought forward to next month subject to ground conditions and equipment availability.

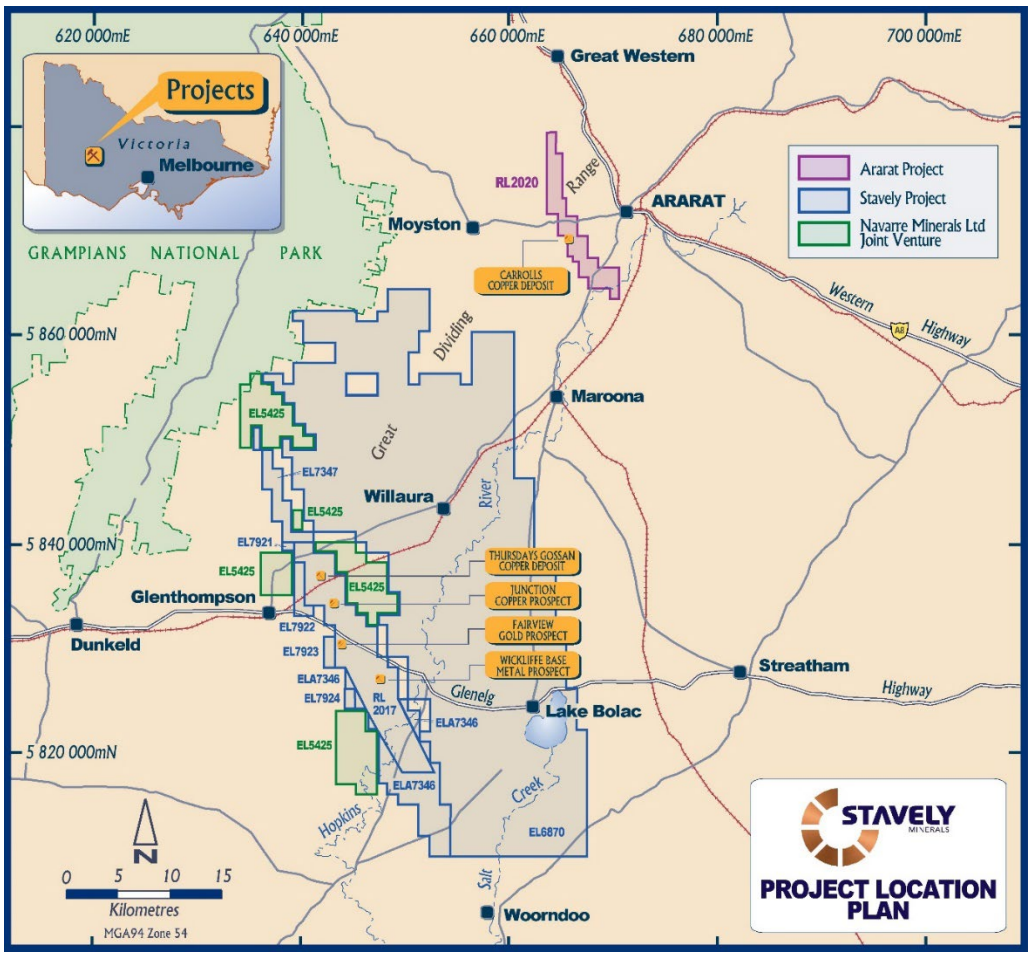

Figure 1. Western Victoria Project location plan.

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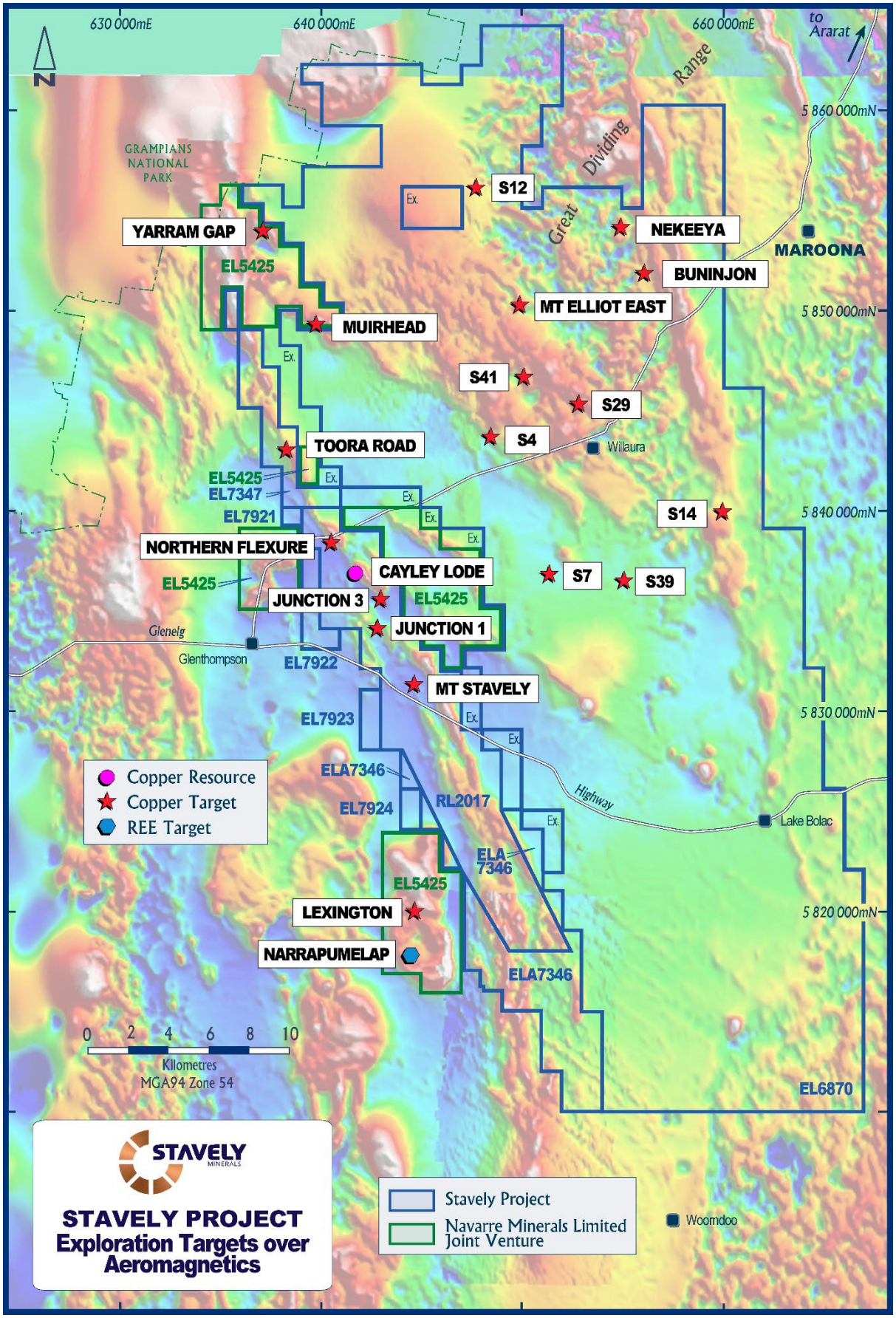

Figure 2. Stavely Project regional prospect location map on aeromagnetics.

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EXPLORATION

Stavely Project (RL2017, EL6870, EL7347, EL7921, EL7922, EL7923 & EL7924)

Thursday's Gossan Prospect – Cayley Lode

During the Quarter the deep porphyry drill hole 4 (SMD187) was completed to a depth of 841.5m. Drill hole SMD187 intersected carbonate-base metal mineralisation, similar to that intersected in SMD185, and also a small 0.6m interval of Cayley Lode. None of these zinc-rich intercepts are considered to have economic significance. The drill hole locations are shown in Figures 3 and 4.

Three of the original four planned deep diamond drill holes have been completed, with all three having intersected zinc-rich mineralisation consistent with a number of previous holes drilled below the plunge of the high-grade copper-gold-silver Cayley Lode.

Despite four attempts (two holes and two wedges), the south-easternmost diamond drill hole, which was designed to test the high-priority deep porphyry target, could not be progressed through a major structural zone and failed to reach the target depth.

Towards the end of the Quarter porphyry consultant Dr Steve Garwin visited site to review, together with the Stavely Mineral's geology team, the recently completed diamond drill holes at Thursday's Gossan. A decision was made to bring forward plans to test the deep porphyry target at the Thursday's Gossan prospect. This decision follows some important new developments stemming from the site-based review. The planned drilling is scheduled to commence in the next Quarter, with the exact timing being dependant on the ground conditions and equipment availability.

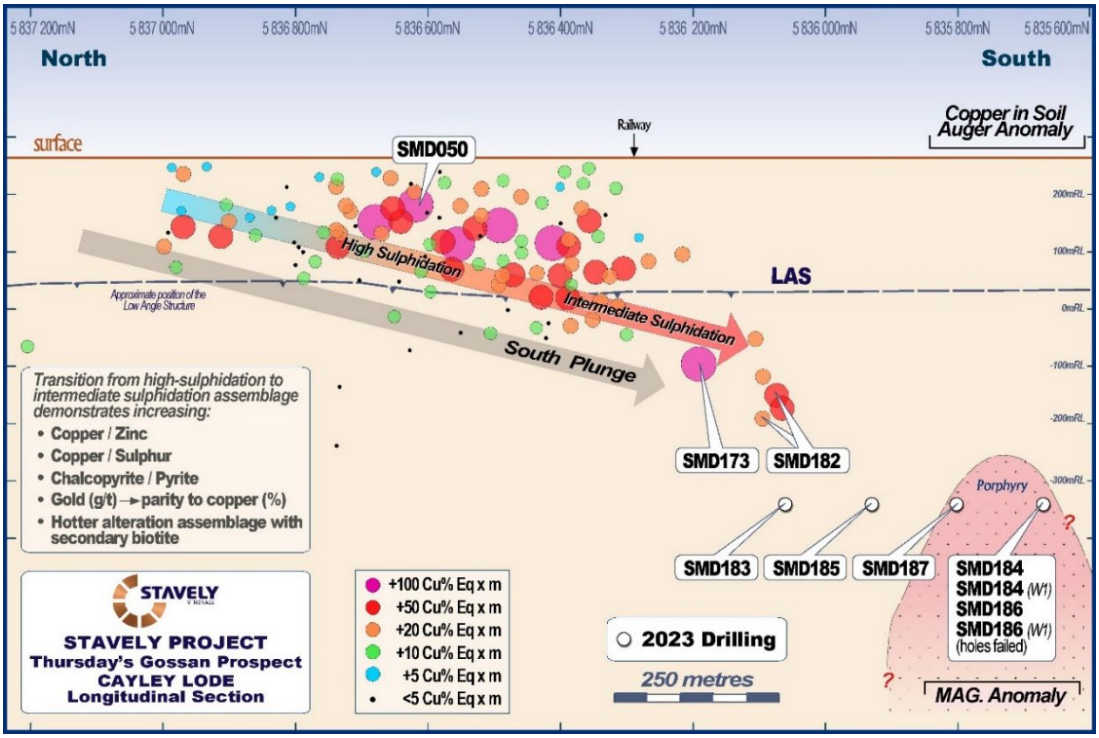

Figure 3. Schematic diagram showing the south-east plunge of the high-grade copper-gold Cayley Lode mineralisation, the imprecise location of a porphyry believed to be driving the mineralisation and the four deep drill holes (notional position) seeking to identify the source porphyry. Note the magnetic feature and copper-in-soil anomaly targeted by proposed drill-holes 2 and 4, which are yet to be completed.

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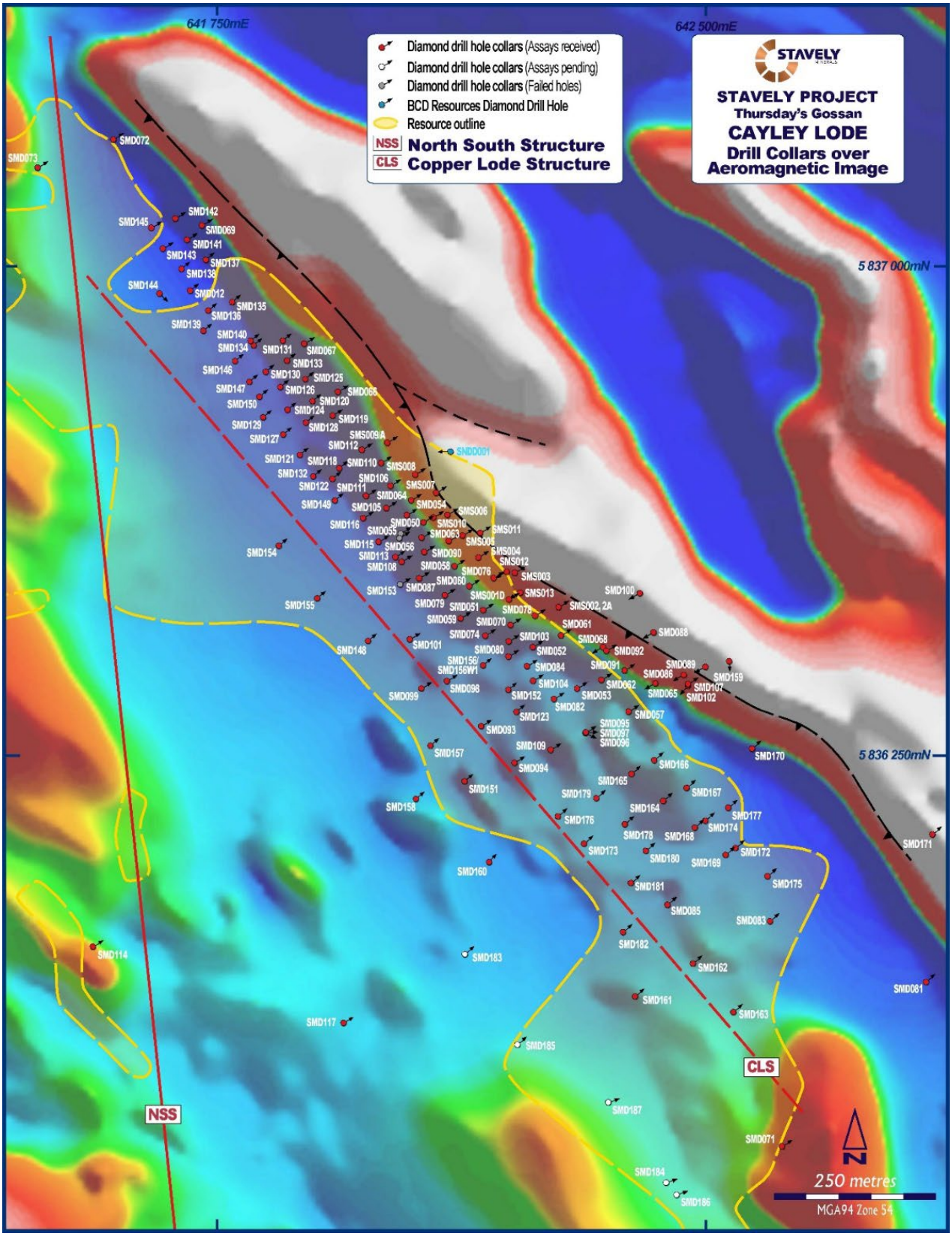

Figure 4. Cayley Lode drill collar locations with deep drill-hole collars.

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REGIONAL EXPLORATION

S41 Prospect

The S41 prospect was identified, along with 18 other regional targets, by interpretation of Stavely Minerals' proprietary Falcon Gravity Gradiometer data in conjunction with the public domain regional aeromagnetic data (Figures 2, 6 & 7).

During the Quarter a diamond hole, STDD001 was drilled to a depth of 405.2m at the S41 prospect to follow up anomalous gold and silver results from the aircore drilling program, including:

Aircore drill hole STAC0115:

- 4m at 2.21g/t Au, 6.9g/t Ag, 0.10% Pb and 0.18% Zn from 96m, including:
  - 2m at 3.92g/t Au, 9.3g/t Ag, 0.18% Pb and 0.31% Zn from 98m; and
- 2m at 0.47g/t Au and 3.1g/t Ag from 140m to end-of-hole

Diamond drill hole STDD001 intersected a hydrothermal breccia at ~180m drill depth and remained in breccia to the end of hole at 405m drill depth (Figure 7). Importantly, the outer margin of the breccia pipe to the south-west remains untested.

The S41 breccia pipe is a blind discovery under ~60m of Tertiary basalt cover. While the gold grades intersected in this first diamond drill hole completed into the 2 kilometre-long S41 prospect are modest, there is much to be encouraged by, notably:

- The breccia system is spatially large and there is potential for 'scale'.
- These breccia-hosted carbonate-base metal-gold systems are notoriously inconsistent in the distribution of gold mineralisation. Figure 8 shows the uneven distribution of gold mineralisation at the Kidston gold deposit.
- The system is poly-phase, which means there have been several phases of brecciation and mineralisation – in other words, it's a big plumbing system.
- It demonstrates an efficient metal precipitation mechanism – the very fine-grained nature of the sulphides and the abundance of carbonate minerals indicates effective mixing of downward drawn cooler carbonate-rich meteoric waters with hot upwelling metal-rich fluids from a magmatic source at depth (Figure 9).
- The observed carbonate minerals include the manganese-carbonate rhodochrosite, which indicates the level of exposure could be in the 'Goldilocks' zone for gold precipitation – too shallow and cool would display Fe-carbonate (Siderite) and too deep and hot would be dominated by calcite.
- There is gold in the system as evidenced by:
  - 2m at 3.92g/t Au, 9.3g/t Ag, 0.18% Pb and 0.31% Zn from 98m drill depth in air-core drill hole STAC0115; and
  - 1m at 2.16g/t Au and 2.6g/t Ag; and
  - 37m at 0.10g/t Au and 4.8g/t Ag from 320m drill depth in diamond drill-hole STDD001.

Both phases of aircore drilling and diamond drill hole STDD001 at S41 were co-funded by the Victorian Government's Target Minerals Exploration Initiative and Stavely Minerals is grateful for, and wishes to acknowledge, the Victorian Government's on-going support for mineral exploration.

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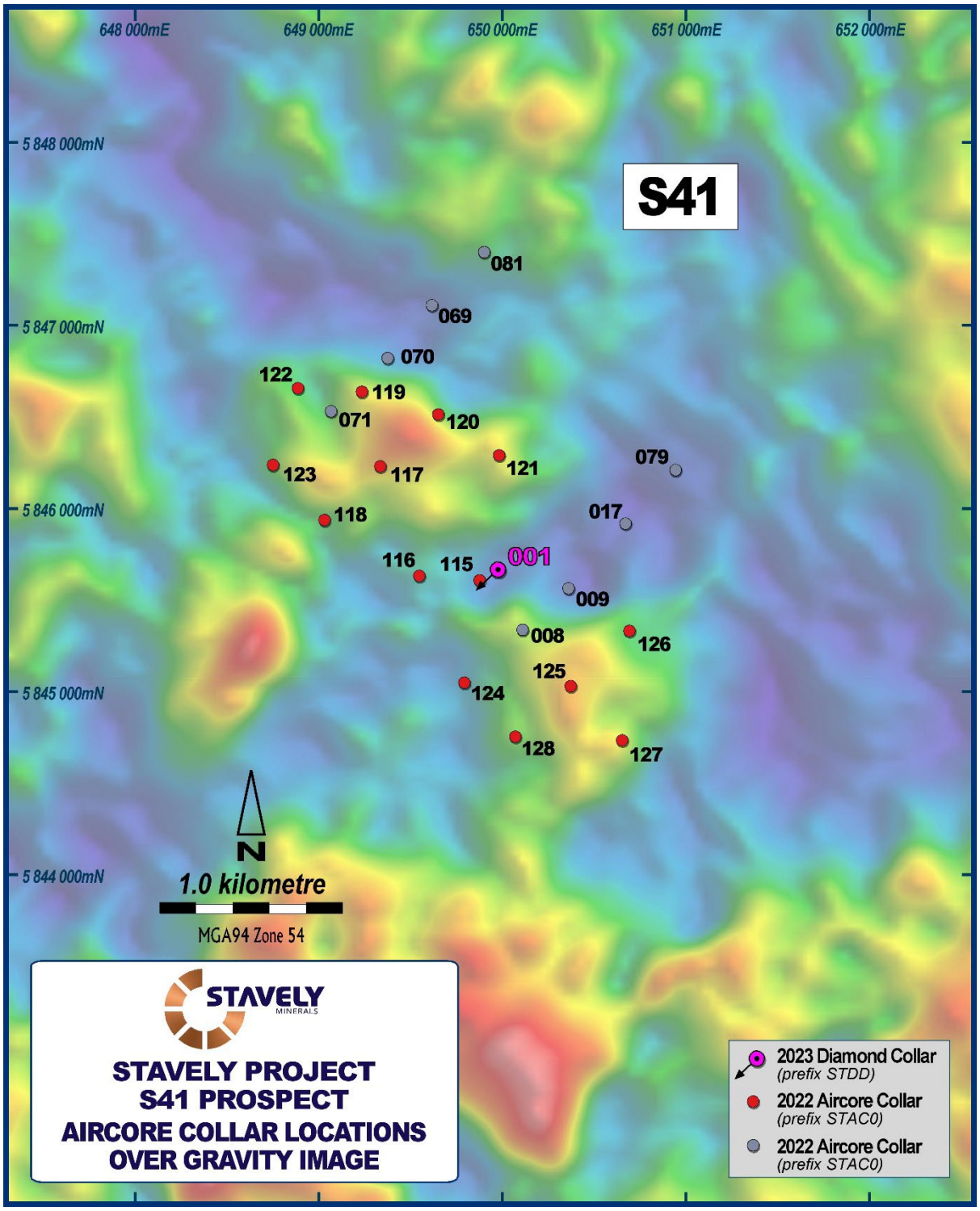

Figure 5. S41 prospect gravity image with air-core and diamond drill-hole collar locations.

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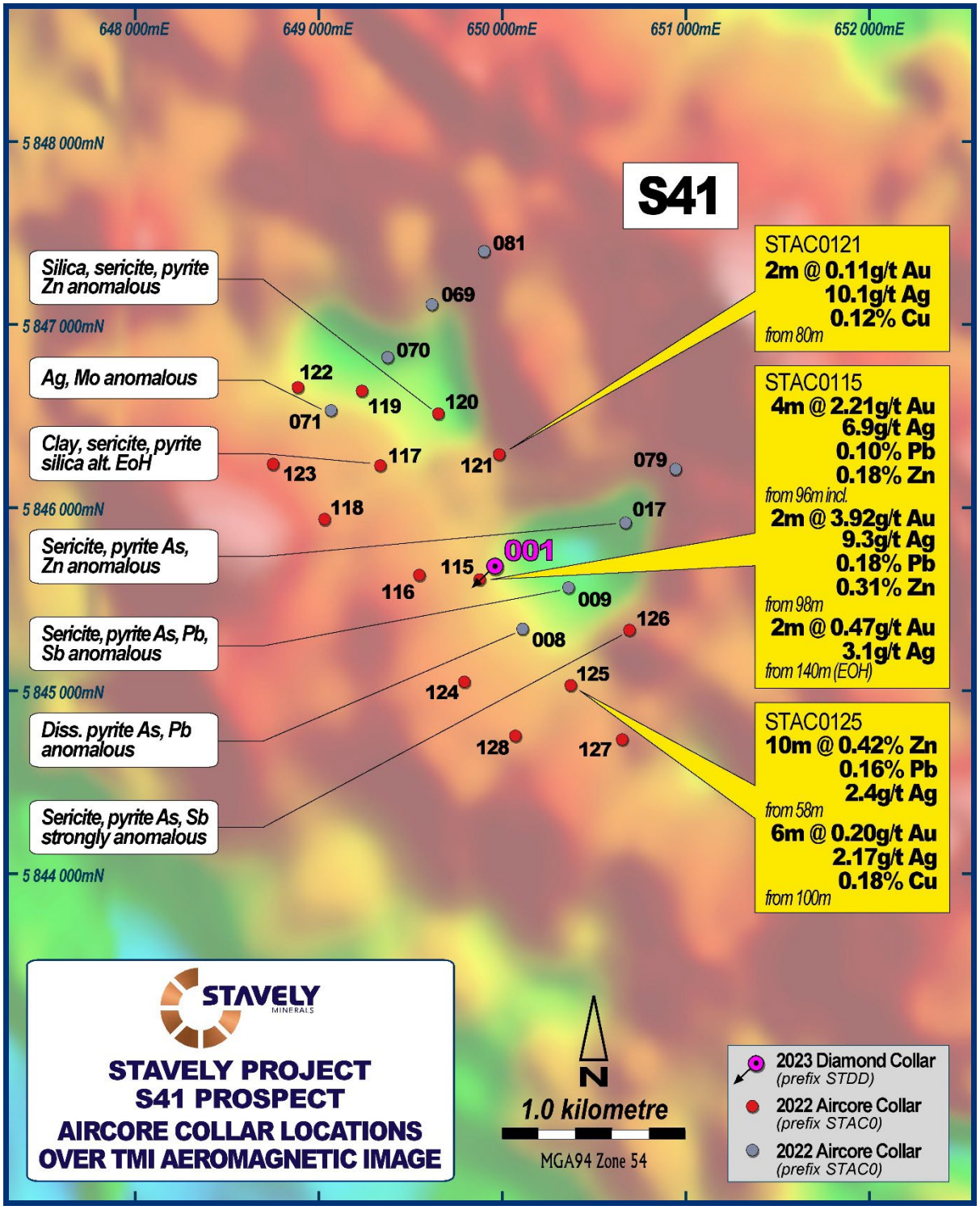

Figure 6. S41 prospect magnetic image with air-core and diamond drill-hole collar locations. The distance between STAC125 and STAC071 is 2km and open along strike NW and SE.

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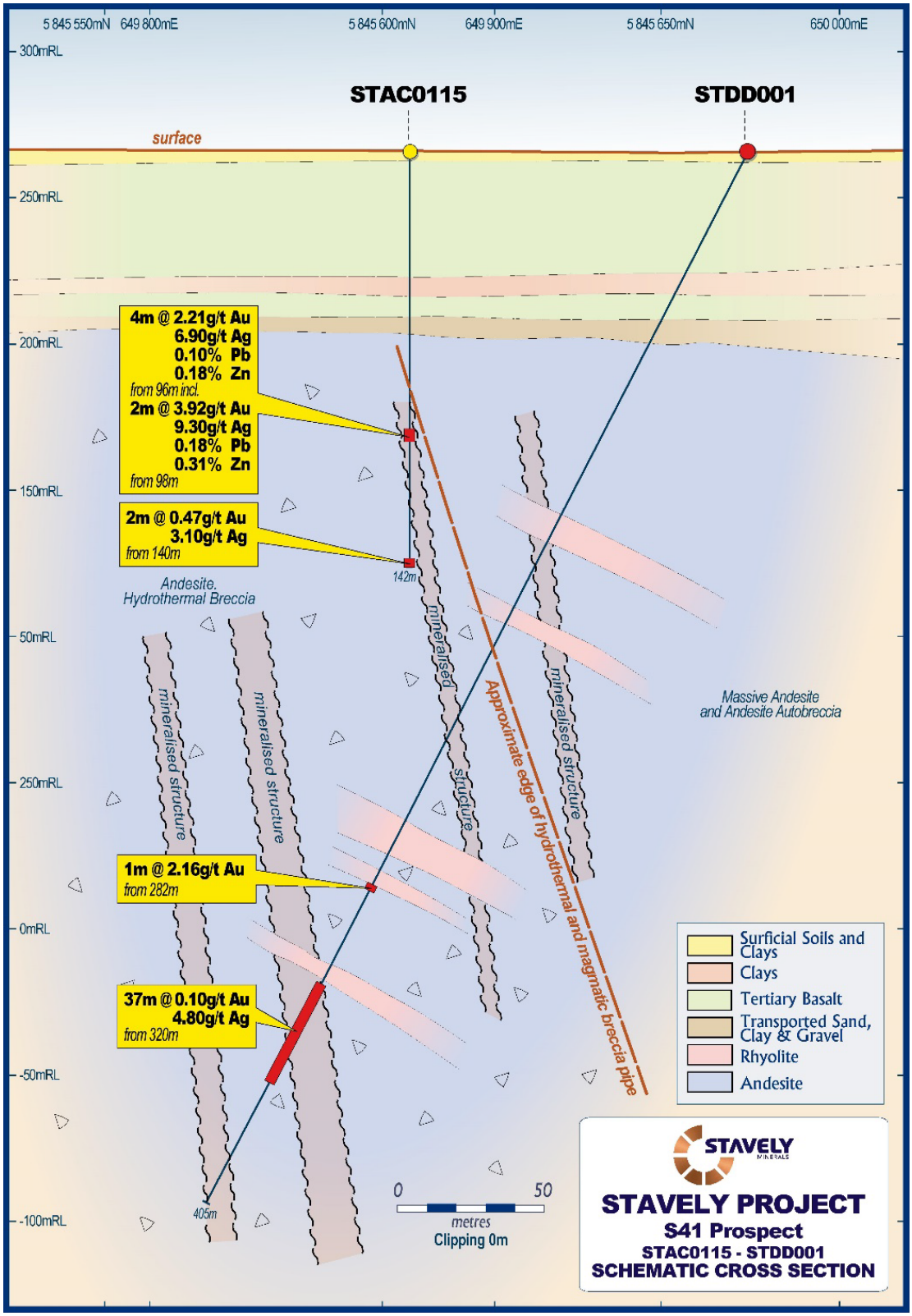

Figure 7. STDD001 drill hole section.

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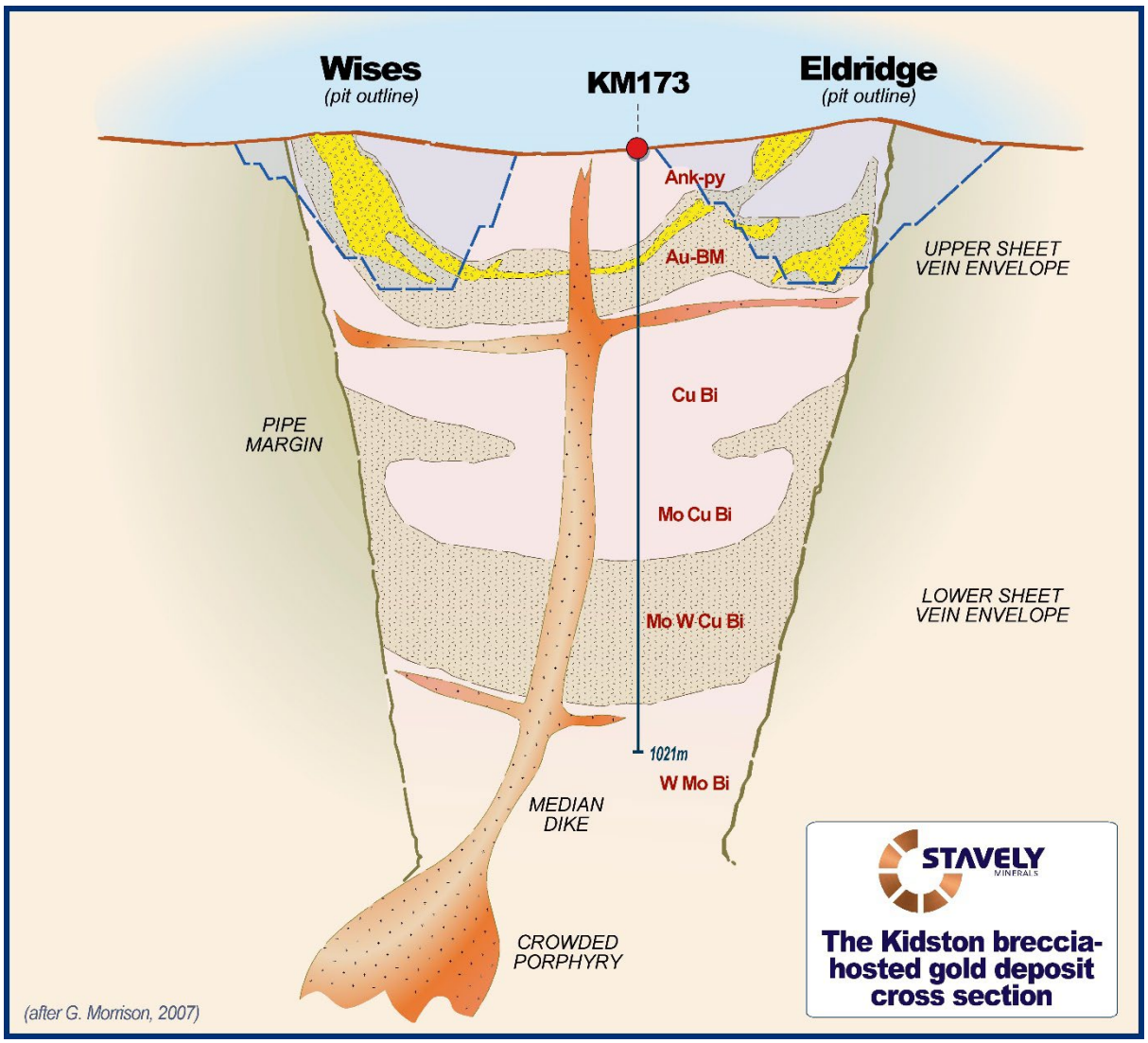

Figure 8. Cross section of the Kidston breccia-hosted gold deposit showing the distribution of gold mineralisation (yellow) associated with a vertical metals zonation. Note that gold mineralisation is spatially restricted and associated with specific phases of brecciation and mineralisation. (*Au-BM = gold and base metals, Ank-py = ankerite and pyrite) (After G. Morrison, 2007***).**

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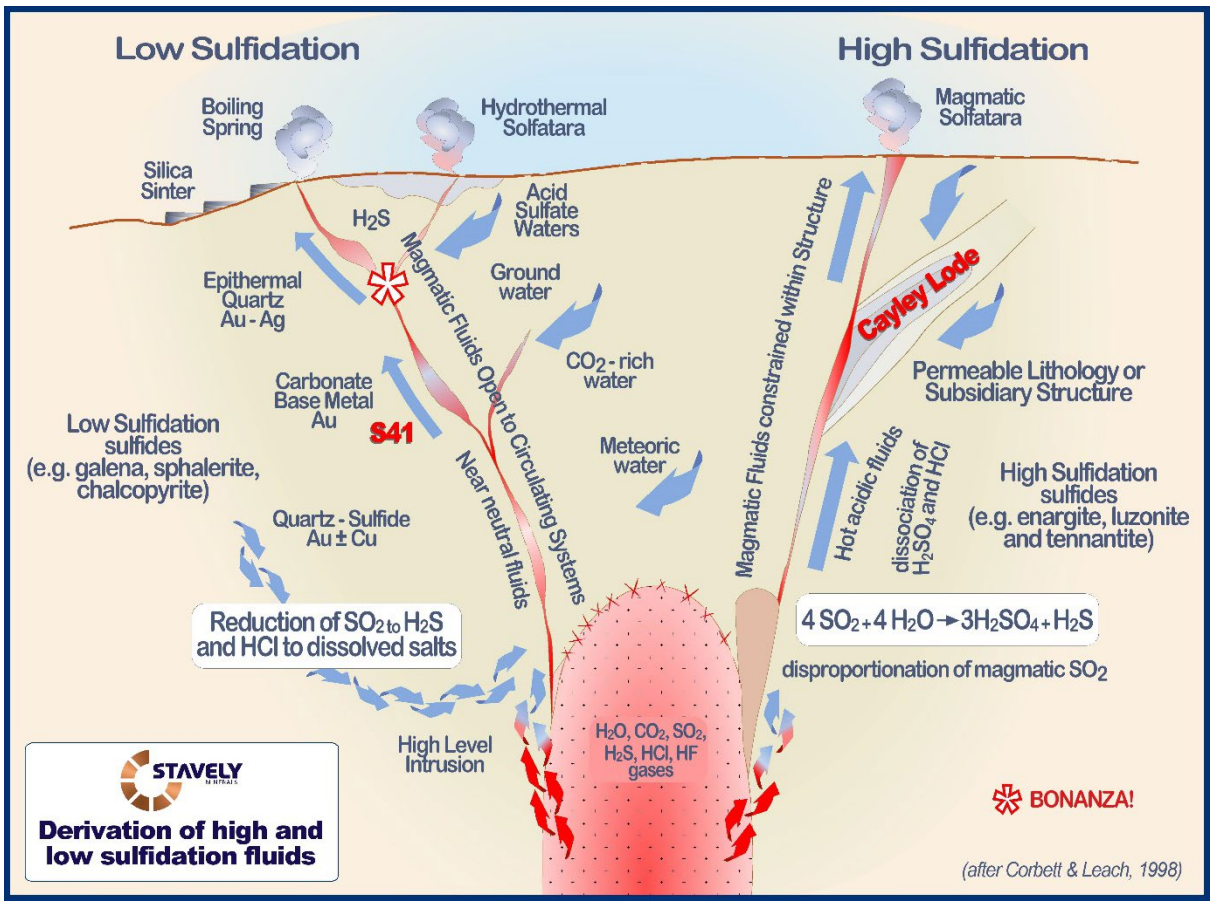

Figure 9. Derivation of high- and low-sulphidation epithermal fluids. Note the location of the S41 prospect in an intermediate location between the porphyry and low-sulphidation epithermal Au-Ag mineralisation. The Cayley lode is also shown in its conceptual location. (*After Corbett and Leach, 1998: Southwest Pacific Rim Gold-Copper Systems, SEG Special Publication Number 6*).

Black Range Joint Venture Project (EL5425)

Narrapumelap REE Prospect

During the Quarter assay results were received for the samples which originally returned anomalous Ce results and were re-assayed for the full REE suite. These samples returned a peak value of 0.17% TREO + Y. It would appear that the 5 reconnaissance aircore holes drilled during the previous Quarter may not have been in the optimal location.

Yarram Park Project (EL5478, EL7628 & EL7920)

Toora West

No on-ground exploration activities were conducted on the Yarram Park Project during the Quarter.

Ararat Project (RL2020)

No on-ground exploration activities were conducted on the Ararat Project during the Quarter.

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Planned Exploration

Stavely Project (RL2017, EL6870, EL7347, EL7921, EL7922, EL7923 & EL7924)

Diamond drilling to test a revised deep porphyry target at the Thursday's Gossan Prospect has been planned for the next quarter.

Some of the better looking zones from holes SMD183, SMD185 and SMD187 will be sampled and submitted to the laboratory for analysis during the next quarter.

Planning of exploration activities is in progress for the Junction 1 prospect, which is the largest and highest-grade copper-in-soil auger in the Thursday's Gossan area. This prospect has been denied access for some 15 years. The Company is informed that this property will be placed for sale in the spring and Stavely Minerals will seek to engage with the new owners.

Planning is underway for an IP survey and additional aircore drilling to better define the geochemical zonation of the S41 breccia pipe in advance of additional diamond drilling.

CORPORATE

Stavely Minerals had a total of $1.66M cash on hand at the end of the June 2023 Quarter.

Stavely Minerals has agreed to acquire the ~ 600km^2 Hawkstone Nickel-Copper-Cobalt Project in the West Kimberley region of Western Australia from Chalice Mining Limited.

The Hawkstone Project sits along strike from the Buxton Resources/IGO Joint Venture's Double Magic Project, which hosts the Merlin nickel-copper-cobalt discovery, located ~1km along strike from the Hawkstone tenement boundary.

The Merlin nickel-copper-cobalt discovery is a high-tenor (average 8% nickel tenor) magmatic nickel style of mineralisation, with individual assays of up to 8.14% nickel, 5.26% copper and 0.69% cobalt, hosted by the Ruins Dolerite.

The Hawkstone Project includes ~30 kilometres of easterly strike continuation of the Ruins Dolerite, which is highly prospective for nickel-copper-cobalt mineralisation.

The summary terms of the acquisition are that Stavely is acquiring Chalice Mining's wholly-owned subsidiary, North West Nickel, for consideration of $1.4 million of equivalent value in Stavely Minerals shares.

At the end of the Quarter the Company announced that binding commitments were received for a A$3.55 million placement to institutional and sophisticated investors at A$0.09 per share (approximately 39.44 million shares). The issue price of A$0.09 per Placement Share represents a 21.7% discount to the last traded price of the Company's ordinary shares on the ASX of A$0.115 and a 21.1% discount to the 5-day volume weighted average price of the Company's ordinary shares as traded on the ASX of A$0.114 over the period up to and including 23 June 2023.

One Placement option offered for every two placement shares at a strike price of $0.15 and an expiry of 30 June 2024. The intention of the Company is to have the placement options listed.

The Placement Shares to be issued excludes a proposed director participation of up to 1.1 million Shares ($100,000) in the placement, together with the attaching options, which is subject to a shareholder vote at an upcoming General Meeting of the Company.

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Funds raised from the Placement will be applied to the next phase of exploration and at the Company's Stavely Copper-Gold Project in Western Victoria, the Hawkstone Nickel-Copper-Cobalt Project in the East Kimberley region of Western Australia and working capital.

The Cayley Lode, at current copper prices, is not able to support the capital required for development of a stand-alone processing facility, either for a large-scale combined open-pit / underground mining operation or a smaller-scale underground-only operation. However, it may be feasible, at reasonably anticipated future copper prices, to mine the Cayley Lode as a small-footprint, high-grade underground operation and transport the mined material to an existing processing plant in the region suitably modified to produce a Cu-Au-Ag concentrate. The two main benefits could be a significantly reduced pre-production capital requirement and substantially reduced permitting risk. Investors are advised there is no certainty that Stavely Minerals will be able to successfully engage with the owners of any of the existing regional facilities to study the viability of such an option, or that if such an assessment were undertaken, there is no certainty that this option would be deemed feasible.

After securing access rights and retaining key residential properties at the Stavely Project, Stavely Minerals intends selling its 524-acre property in the Thursday's Gossan area. This potential transaction would be structured to deliver several key benefits to Stavely including:

- securing access rights;
- ensuring no new residences are built on the property;
- repaying $1.6 million of loans currently outstanding against the property; and
- returning some capital to the Company.

Additional ASX Information

- Exploration and Evaluation Expenditure during the Quarter was $1,902,000 (excluding staff costs). Full details of exploration activity during the Quarter are included in this Quarterly Activities Report.
- There were no substantive mining production and development activities during the Quarter.
- Payments to related parties of the Company and their associates during the Quarter was $218,000. The Company advises that this relates to executive directors' salaries, non-executive directors' fees and superannuation.

ANNOUNCEMENTS

Investors are directed to the following announcements (available at www.stavely.com.au) made by Stavely Minerals during and subsequent to the June 2023 Quarter for full details of the information summarised in the Quarterly Report.

23/05/2023	Stavely Minerals to Acquire Highly Prospective Hawkstone Ni-Cu-Co Project in WA from Chalice Mining
26/06/2023	Large New Gold-Silver Mineralised Breccia System Identified in Diamond Drilling at the S41 Prospect
31/05/2023	Thursday's Gossan Porphyry Target – Drilling Update

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22/06/2023 Planned Deep Porphyry Drilling Brought Forward

28/06/2023 Successful A$3.55 Million Placement

During and subsequent to the Quarter, Stavely Minerals participated in the following conferences and investor meetings:

26/04 – 27/04/2023	Mines and Money Connect, London
22/06 - 23/06/2023	AIG Victoria Roundup, Ballarat
26/06/2023	Stavely Minerals Investor Presentation
19/07 – 21/07/2023	Noosa Mining Conference

Tenement Portfolio - Victoria

The tenements held by Stavely Minerals as at 30 June 2023 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Black Range JV*	EL 5425	18 December 2012	100
Ararat	RL 2020	8 May 2020	28
Stavely	RL 2017	8 May 2020	81
Stavely	EL 6870	30 August 2021	865
Stavely	EL 7346	(10 June 2020)	41
Stavely	EL 7347	17 June 2022	17
Stavely	EL7921	15 September 2021	1
Stavely	EL7922	29 September 2021	6
Stavely	EL7923	29 September 2021	3
Stavely	EL7924	29 September 2021	2

* 80% held by Stavely Minerals subsidiary, Energy Metals Australia Pty Ltd, 20% by Black Range Metals Pty Ltd, a wholly owned subsidiary of Navarre Minerals Limited.

On the 9 May 2023, the Minister consented to the surrender of Yarram Park tenements EL7628 and EL7920. On the 13 June 2023 the Minister consented to the surrender of Yarram Park tenement EL5478, which was due to expire on the 26 July 2023. EL5478 had reached the end of the tenements' second term and there are no exceptional circumstances under which it could be renewed for a further term.

Chris Cairns
Executive Chair and 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 Executive Chair and Managing Director of Stavely Minerals Limited and is a shareholder and 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.

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

Authorised for lodgement by Chris Cairns, Executive Chair and Managing Director.
26 July 2023

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