

Stavely Minerals Ltd

(SVY \$0.70) Speculative Buy

EUROZ HARTLEYS

Analyst	Date	Price Target
Mike Millikan	29 th October 2020	\$1.10/sh ▼ from \$1.20/sh

Outstanding results from Cayley Lode drilling

Investment case

Well-funded copper-gold explorer with the largest ground position within the Stavely Volcanic Belt of Western Victoria. Game changer discovery made in Sept'19, with shallow high-grade copper-gold-silver mineralisation (32m @ 5.9%Cu, 1.0g/t Au and 58g/t Ag from 62m) intersected while testing a structurally controlled target at Thursday's Gossan. The lode-style system (Cayley Lode) is extensive, now defined over 1.5km of strike, and remains open at depth. Resource definition drilling is well advanced, with the expectation of a maiden resource late Q1CY21. Thursday's Gossan remains highly prospective for multiple mineralised structures, and the porphyry source for this significant mineralisation is yet to be revealed. Some priority (porphyry) targets generated from seismic data are planned to be tested in the coming months. The "true size of the prize" may take some time to crystallise, but we continue to see good value with drilling providing significant results. We maintain our Speculative Buy, our price target is \$1.10/sh (down from \$1.20/sh).

Key points

Ongoing resource definition drilling of the Cayley Lode is progressing well. Latest results from infill drilling include a board zone of shallow copper mineralisation which is the "biggest hit to date".

- The latest significant result from SMD104 is -275m along strike of the discovery hole (SMD050) and reported:
- 144m @ 1.04% Cu, 0.15g/t Au and 3.4g/t Ag from 35m, including higher grade intervals:
 - 84m @ 1.55% Cu, 0.23g/t Au and 5.0g/t Ag from 95m, (incl. 28m @ 3.31% Cu, 0.49g/t Au and 7.1g/t Ag from 151m)
- Considered a "text book hit" with the higher grade zones close to or on the basal contact, with the 28m high-grade interval a solid result in comparison to discovery hole SMD050 which reported 32m @ 5.88% Cu, 1.00g/t Au and 58g/t Ag from 62m.
- The initial resource drill-out is targeting mineralised extensions and confirming continuity along 700-1,000m of the 1,500m of strike of the Cayley Lode on -40m x 40m grid pattern, with the drilling program now expected to be concluded in early CY21 for the maiden resource release in 1HCY21, subject to the ongoing drilling and timing of assays. Scoping development studies are expected to be completed following the resource release.
- Four diamond rigs are currently operating on the resource definition program, with another 2 rigs to arrive in the coming weeks to commence with deeper porphyry target testing - exploration activities well-funded through existing cash of over \$30m.

Stavely Minerals Ltd	Year End 30 June	
Share Price	0.70	A\$/sh
Price Target	1.10	A\$/sh
Valuation	1.10	A\$/sh

Shares on issue	261	A\$m
Option (@ \$1.47)	3	A\$m
Market Cap (fd)	181	A\$m
Enterprise Value	149	A\$m
Debt	0	A\$m
Cash	31	A\$m
Largest Shareholder	Directors & Mgmt	19%

Directors

Chris Cairns	Exec Chairman
Jennifer Murphy	Technical Dir
Peter Ironside	NE Dir
Amanda Sparks	NE Dir and Sec

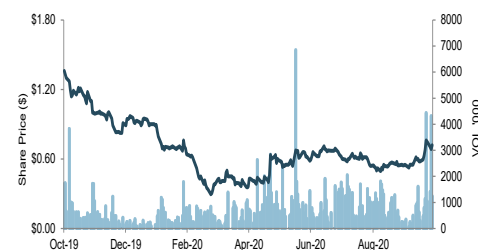
Shareholders

Peter Reynold Ironside (Director)	12.2%
Greenstone Property (Titeline Drilling)	5.0%
Directors & Management	19.0%

Company Details

Level 1, 168 Stirling Highway, Nedlands WA 6009

Share Price Chart



Disclaimer

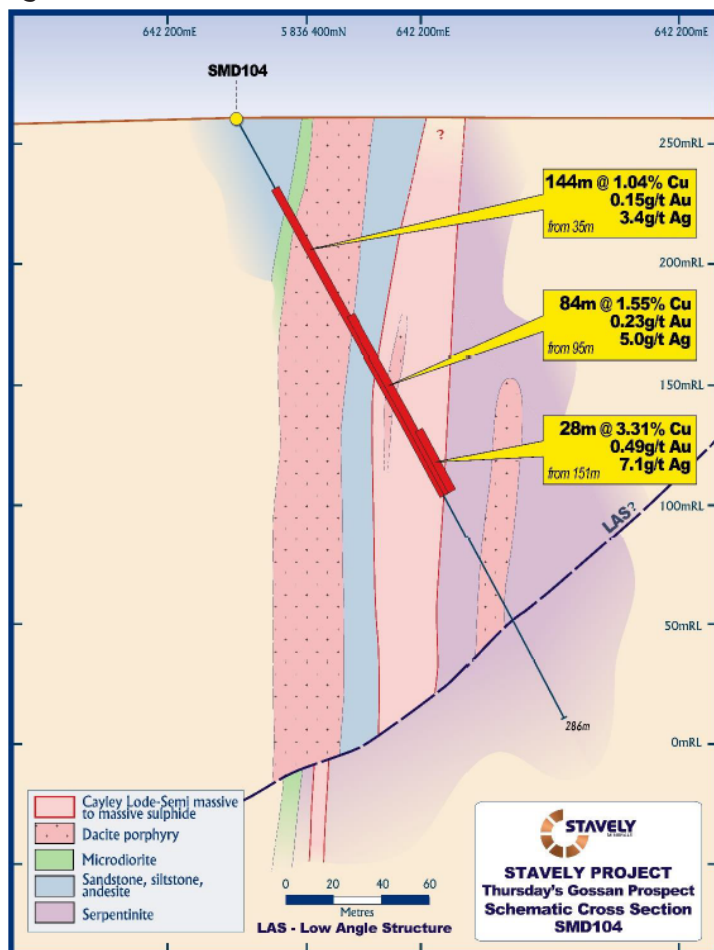
Euroz Hartleys Securities declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Stavely Minerals Limited during the last year. Euroz Hartleys Securities has received a fee for these services.

This analyst declares that he has a beneficial interest in Stavely Minerals Limited.

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Fig 1: Cross Section for SMD104



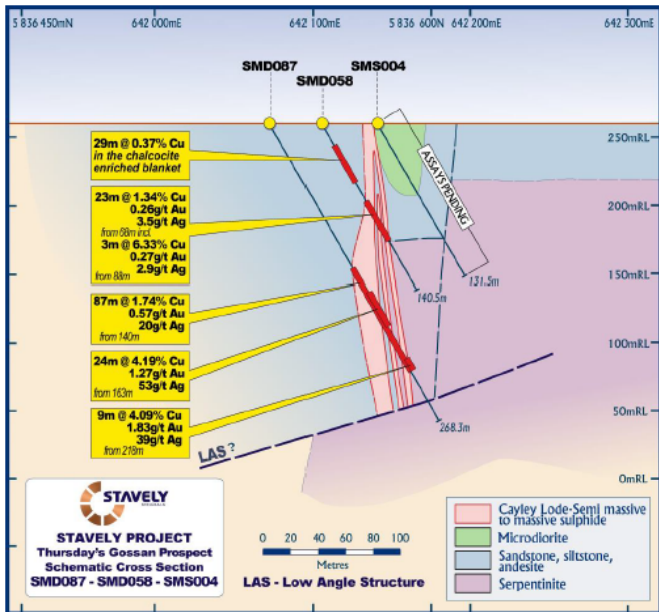
Source: SVY

- Since the discovery hole, ~68 holes have now been completed for just over 17,000m. Assays are pending for 9 holes with 4 holes in progress (as at late Oct'20).
- Another infill drill result of particular note (previously reported) was from SMD087, located ~100m south of SMD050 and considered to have similar in-situ value to the discovery hole, reporting:
- 87m @ 1.74% Cu, 0.57g/t Au and 20g/t Ag from 140m, including:
 - 24m @ 4.19% Cu, 1.27g/t Au and 53g/t Ag from 163m, and 9m @ 4.09% Cu, 1.83g/t Au and 39g/t Ag from 218m.
- When comparing the copper equivalent metres (CuEq%*m) of both holes, the discovery hole SMD050 has an estimated CuEq%*m of ~237, whereas SMD087 has an estimated CuEq%*m of ~214, clearly both very good results.

Stavely Minerals Ltd
(SVY \$0.70) Speculative Buy

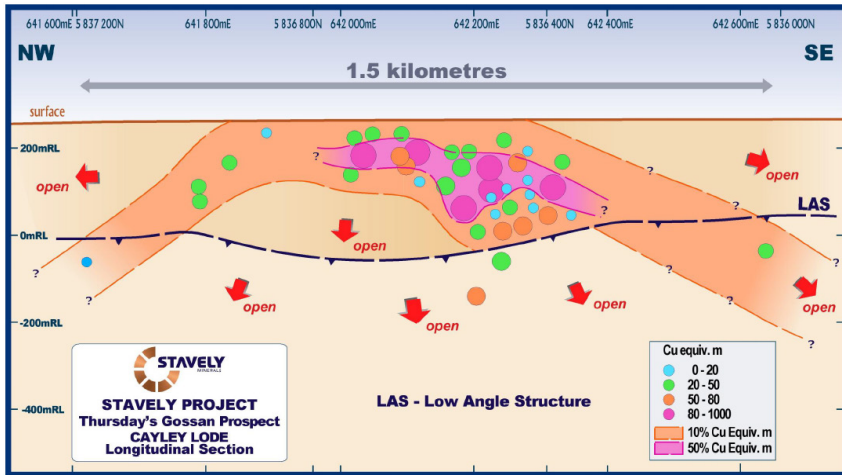


Fig 2: Cross Section for SMD087



Source: SVY

Fig 3: Cayley Lode - Long Section



Source: SVY

- During the course of Q4CY20, SVY plans to commence with the drilling of two 1,500m diamond holes to test two porphyry targets interpreted from recently completed seismic surveys.
- This is the “big prize” potential as the extensive alteration system (Cayley Lodes and other mineralised structures) are likely to be driven by a late-stage porphyry intrusion, yet to be discovered.
- Porphyry testing is currently planned to commence in the coming weeks (Nov’20) and will likely take to Feb’21 to complete. We look forward to the start of drilling and the outcomes of this program.

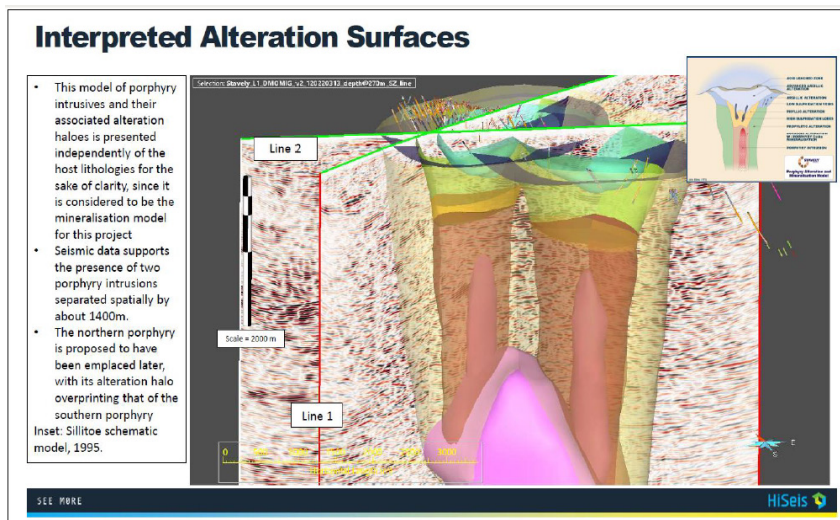
Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Stavely Minerals Ltd
(SVY \$0.70) Speculative Buy



Fig 4: Interpreted Porphyry Targets to Test



Source: SVY

Analysis

ASSET VALUATION	A\$m	A\$/sh
Stavely Project (undisc)	240	0.91
Exploration (nom)	20	0.08
Cash	31	0.12
Corp OH	(5)	(0.02)
Unpaid Capital	4	0.02
Debt	-	-
A\$	290	1.10

- We have an updated price target of \$1.10/sh. Our price target has lowered slightly (from \$1.20/sh) due largely to equity dilution from a capital raise completed in Q3CY20, along with timing to the maiden resource release.
- Our price target is considered highly speculative, as the Company is yet to define a resource at the Cayley Lode (resource drilling is ongoing). At our price target, we estimate that the stock could be factoring in an early stage copper mining inventory of +6-10Mt at a good grade (+1.5% CuEq).
- SVY has a low-grade inferred resource estimate at Thursday’s Gossan in the form of a secondary chalcocite enriched blanket (28Mt at 0.4% Cu). We do not believe that this is a standalone deposit, however it could become complementary and reduce some of the pre-strip to access the higher-grade Cayley Lode, once deemed feasible.
- We note that there is significant upside and downside risk based on further exploration success/failure. The biggest assumptions are on the size (total tonnes) and grade (copper and gold) of the Cayley Lode, which are based on completed holes at the time this research note.
- The current price target, at this stage does not factor in the upside potential of adding further high-grade mineralisation in nearby structures (ie CLS or NSS) or the substantial upside of discovering a copper-gold porphyry at depth. Regional prospectivity has also been enhanced by the work completed to date.

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

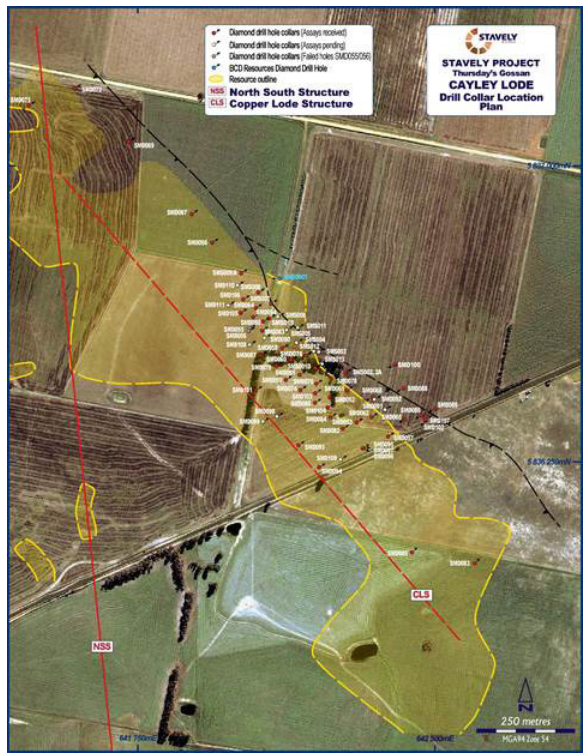
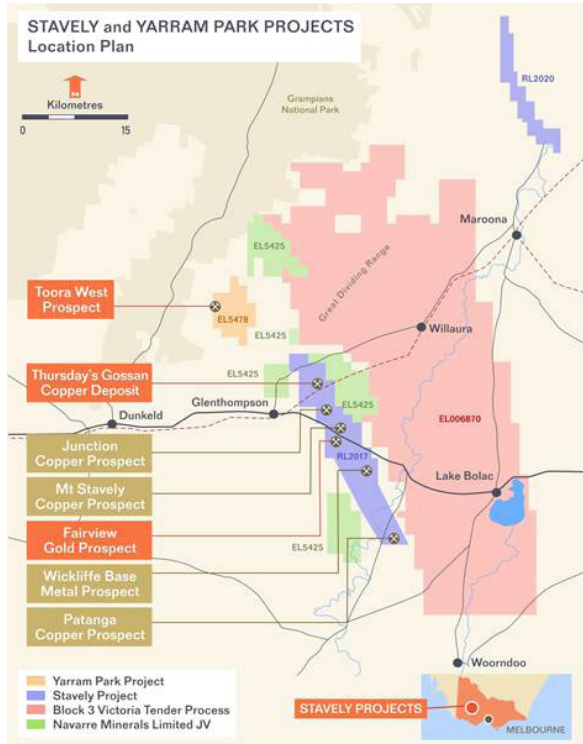
Stavely Minerals Ltd

(SVY \$0.70) Speculative Buy



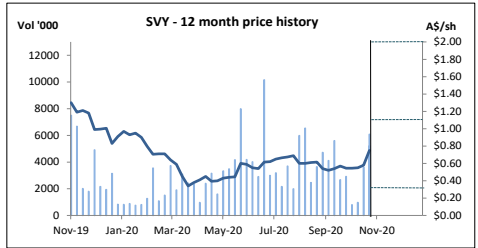
Key Variables

Euroz Forecast	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24
AUDUSD	\$0.72	\$0.67	\$0.70	\$0.71	\$0.72	\$0.72
Gold US\$/lb	\$1,263	\$1,563	\$1,750	\$1,750	\$1,700	\$1,700
Copper US\$/lb	\$2.81	\$2.57	\$2.70	\$2.80	\$3.00	\$3.00



Source: SVY

Our Share Price Sensitivity



Our Market Sensitivity

Valuation - \$1.00/sh
Price Target - \$1.10/sh
Bull Scenario - \$2.00/sh
 Ongoing exploration success, with shallow high-grade lode-style copper veins extended along strike, within the Cayley Lode (UCF). Additional upside potential from other mineralised structures (ie NSS and CLS). The intersection of a copper-porphyry at depth could more than double this bull scenario. Porphyry target-testing to commence in the coming months.
Base Scenario - \$1.10/sh
 Ongoing drilling continues to provide good drill results, with the resource definition activities providing confidence to the size and grade potential of the mineralisation within the Cayley Lode. Additional mineralisation defined outside of the Cayley Lode is considered upside.
Bear Scenario - \$0.30/sh
 Exploration fails to yield an economic deposit. Commodity prices (in particular copper) fall significantly and exploration funding becomes challenging. It should be noted that current cash backing is -12cps, capping some downside risks.

Company Summary

Stavely Minerals (SVY) is a copper-gold focused explorer. SVY was founded by former Integra Mining Limited executives in early 2013. In March 2013, SVY acquired its flagship asset the Stavely Project, located in Western Victoria (~200km west of Melbourne) from BCD Resources NL for a total consideration of A\$2.8m. The Stavely Project contains the Thursday's Gossan prospect (Cayley Lode discovery).

Disclaimer

The projections and information above is based on the set assumptions outlined. Due care and attention has been used in the preparation of this information. However actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Euroz.

Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Securities Ltd (ACN 089 314 983) and Euroz Hartleys Limited (ACN 104 195 057) only.

Euroz Hartleys Securities Limited is the holder of an Australian Financial Services Licence (AFSL 243302) and is a participant of the Australian Securities Exchange Group.

Euroz Hartleys Limited is the holder of an Australian Financial Services Licence (AFSL 230052) and is a participant of the Australian Securities Exchange Group.

The information contained herein is confidential. If you are not the intended recipient no confidentiality is lost by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys Securities Limited on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys Securities Limited.

Disclaimer & Disclosure

Euroz Hartleys Securities Limited and Euroz Hartleys Limited, and their associates declare that they deal in securities as part of their securities business and consequently may have an interest in the securities recommended herein (if any). This may include providing equity capital market services to the issuing company, hold a position in the securities, trading as principal or agent and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz Hartleys Securities Limited and Euroz Hartleys Limited declares that they may have separately or jointly acted as an underwriter, arranger, co-arranger or adviser in equity capital raisings, and will have received a fee for its services, from or any company mentioned within this report during the last 12 months.

You should not act on any recommendation issued by Euroz Hartleys Securities Limited without first consulting your investment adviser in order to ascertain whether the recommendation (if any) is appropriate, having regard to your objectives, financial situation and needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys Securities Limited believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz Hartleys Securities Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

The author of this publication, Euroz Hartleys Securities Limited, and Euroz Hartleys Limited, its directors and their associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Both Euroz Hartleys Securities Limited and Euroz Hartleys Limited, and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of transactions arising from any advice mentioned in publications to clients.

Analyst Certification

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in this research.

Contact Details

Euroz Hartleys Securities Limited +61 8 9488 1400

Research Analysts

Jon Bishop - Head of Research	+61 8 9488 1481
Andrew Clayton - Resources Analyst	+61 8 9488 1427
Steven Clark - Resources Analyst	+61 8 9488 1430
Mike Millikan - Resources Analyst	+61 8 9268 2805
Michael Scantlebury - Resources Analyst	+61 8 9268 2837
Gavin Allen - Industrials Analyst	+61 8 9488 1413
Trent Barnett - Senior Analyst	+61 8 9268 3052
Harry Stevenson - Industrials Analyst	+61 8 9488 1429
Seth Lizee - Associate Research Analyst	+61 8 9488 1414

Institutional Sales

Andrew McKenzie - Executive Chairman	+61 8 9488 1407
Rob Black - Managing Director	+61 8 9488 1423
Timothy Bunney - Co-Head Insto Sales	+61 8 9488 1461
Carrick Ryan - Co-Head Insto Sales	+61 8 9268 2864
Jay Hughes - Executive Director	+61 8 9488 1406
Russell Kane - Executive Director	+61 8 9488 1426
Simon Yeo - Executive Director	+61 8 9488 1404
Peter Schwarzbach - Executive Director	+61 8 9488 1492
Stacy Kitsantas - Institutional Adviser	+61 8 9488 1486
Jayne Walsh - Institutional Adviser	+61 8 9488 1418
Justin Stewart - Institutional Adviser	+61 8 9268 3062
Simon van den Berg - Institutional Adviser	+61 8 9268 2867
Veronika Tkacova - Institutional Adviser	+61 8 9268 2836

Private Client Advisers

Chris Webster - Head of Private Clients	+61 8 9488 1412
Ben Statham - Executive Director	+61 8 9488 1417
Brian Bates - Executive Director	+61 8 9346 0314
Cameron Murray - Executive Director	+61 8 9488 1440
James Mackie - Executive Director	+61 8 9488 1416
Ryan Stewart - Executive Director	+61 8 9488 1441
Tim Lyons - Executive Director	+61 8 9346 0324
Brett Stapleton - Associate Director	+61 8 9488 1435
Giles McCaw - Associate Director	+61 8 9488 1462
Michael Bowden - Associate Director	+61 8 9346 0307
Richard Gardner - Associate Director	+61 8 9488 1444
Paul Berson - Associate Director	+61 8 9346 0314
Paul Cooper - Associate Director	+61 8 9346 0316
Ian Harrison - Investment Adviser	+61 8 9488 1422
Lauren Walker - Investment Adviser	+61 8 9488 1495
Michael Bartley - Investment Adviser	+61 8 9346 0352
Tom Kenny - Investment Adviser	+61 8 9488 1431
Zac Vinten - Associate Adviser	+61 8 9488 1473
Laurence Grescos - Associate Adviser	+61 8 9488 1419
Brandon Oosthuizen - Associate Adviser	+61 8 9488 1471

Euroz Hartleys Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.