

Drilling Update – Stavely and Ararat Projects, Victoria

Maiden deep diamond drill hole at Stavely provides strong evidence of the presence of a large porphyry system and an important vector to the target zone

Highlights

Stavely Project

- Well-developed porphyry-style alteration, quartz veining and sulphide mineralisation intersected over broad intervals in the first deep diamond drill hole to be completed at the Thursday's Gossan prospect to 522m.
- Multiple phases and abundance of alteration, veining and sulphide mineralisation observed in the drill core (see photos) are very favourable indicators that the target porphyry has the capacity to host well-developed copper-gold mineralisation, which will be tested with additional drilling.
- Alteration intensified from distal propylitic to a phyllic overprint and across a fault back into propylitic, with the drill hole interpreted to have glanced – or drilled over the top of – the potassic alteration zone where well developed copper-gold mineralisation could be expected.
- This maiden drill hole is considered an outstanding success and will provide a very important vector into the target zone to be tested with subsequent drill holes.

Ararat Project

- First RC drill hole targeting the northern extensions of the Mt Ararat copper-gold-zinc VMS deposit has intersected pyrite-pyrrhotite-chalcopryrite-sphalerite mineralisation over 4m as predicted by ground EM modelling – drilling continuing.
- RC drilling of ground EM conductors at the Carroll's prospect, located north of the Mt Ararat VMS deposit, has intersected magnetite, pyrite, pyrrhotite and chalcopryrite at the depths expected in the EM model. This is considered very encouraging for subsequent down-hole EM surveying and targeting of massive sulphide mineralisation at depth.

Stavely Minerals Limited (ASX Code: **SVY** – “Stavely Minerals”) is pleased to provide an update on recently commenced drilling activities at its 100%-owned **Stavely** and **Ararat** Projects in western Victoria.

At the Stavely Project, deep diamond drilling is in progress to test two large porphyry copper-gold targets at the Thursday's Gossan and Junction prospects. At the Ararat Project, RC drilling is underway targeting the northern extensions of the Mt Ararat copper-gold-zinc VMS deposit (Inferred Mineral Resource of 1.2 million tonnes at 2.0% copper, 0.5 g/t gold and 0.4% zinc¹) and untested EM conductor anomalies to the north at the Carroll's prospect.

¹ See 'Stavely Minerals Limited – Prospectus' dated 26 March 2014 on www.stavely.com.au

Stavely Project Drilling

At the Stavely Project, the first diamond drill hole, SMD001, has been completed at the Thursday's Gossan prospect to a depth of 522 metres.

The Objective of SMD001

This first drill hole was designed to test a combined geologic target and the flank of a geophysical IP chargeability anomaly. The chargeability anomaly was interpreted as a response to phyllic (silica-sericite-pyrite) alteration likely to occur above, and as an overprint on, the main potassic altered core of the porphyry – which is expected to host the best developed copper-gold mineralisation within the Thursday's Gossan porphyry system.

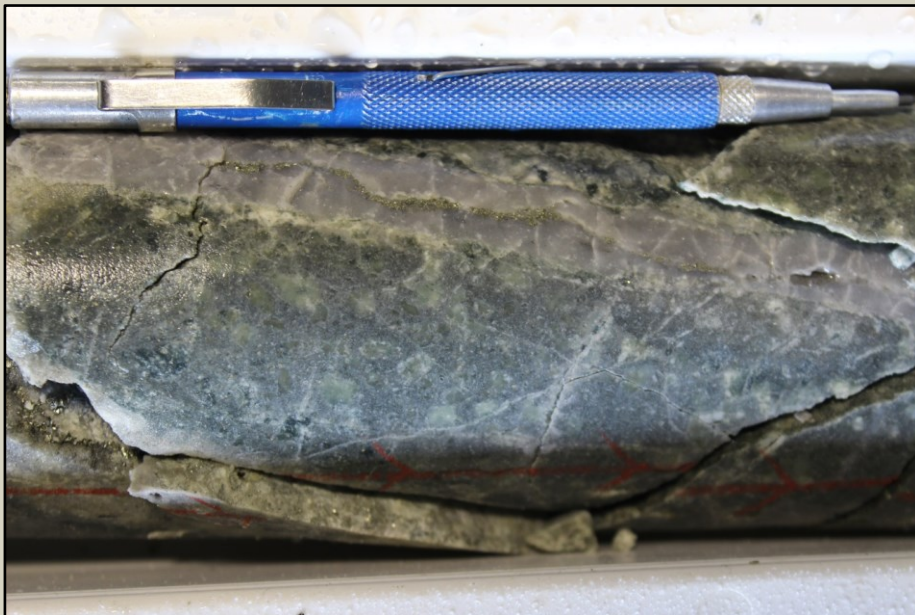


Photo 1: Typical porphyry 'B' quartz vein with sericite selvage and pyrite core in SMD001 at 390m.



Photo 2: Typical porphyry quartz-sulphide 'D' vein with pyrite, chalcopyrite, molybdenite and sphalerite in SMD001 at 381m.

What SMD001 Intersected

SMD001 is interpreted to have progressed from the peripheral propylitic altered country rock comprising altered andesite lavas and tuffs with occasional sulphidic pyrite-quartz \pm chalcopyrite 'D' veins of up to 1 metre widths into inner-propylitic alteration with secondary magnetite and epidote from 210 metres drill depth.

From 270 metres to 360 metres depth, the propylitic alteration is overprinted by a moderate phyllic (silica-sericite-pyrite) alteration overprint with classical porphyry 'B' quartz veins with sericite selvages and pyrite \pm chalcopyrite, bornite and ?covellite sulphide cores (Photo 1). Massive sulphide-quartz 'D' veins with pyrite \pm chalcopyrite, bornite, molybdenite, sphalerite and hematite are common (Photo 2). At 420 metres depth, the drill hole intersected a fault and on the other side of this structure the alteration returned to predominantly propylitic with fracture controlled pyrite and lesser chalcopyrite sulphide mineralisation.

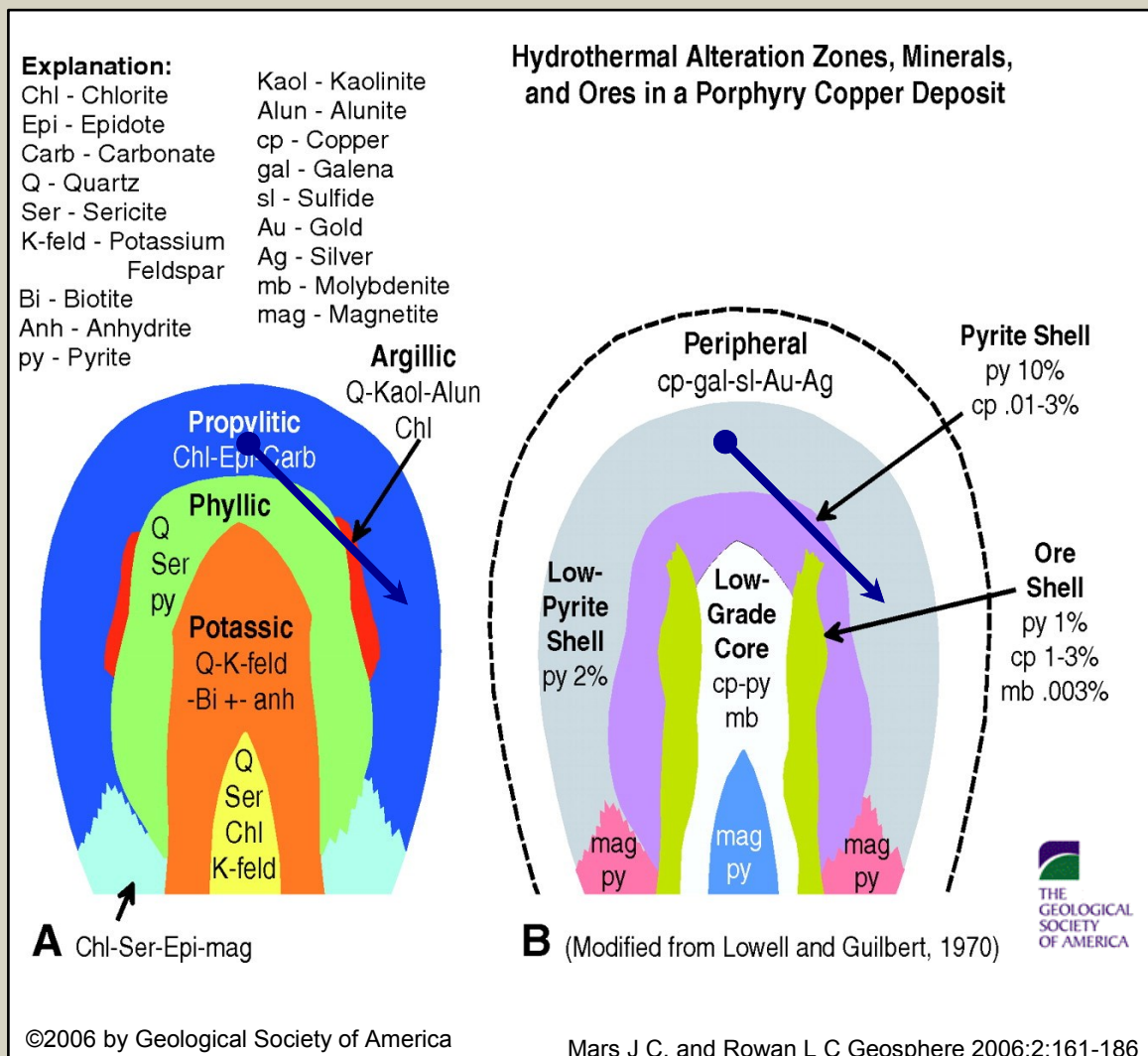


Figure 1. Illustrated deposit model of a porphyry copper deposit (modified from Lowell and Guilbert, 1970). (A) Schematic cross section of hydrothermal alteration minerals and types, which include propylitic, phyllic, argillic, and potassic alteration. (B) Schematic cross section of ores associated with each alteration type. Interpreted location of SMD001 shown on graphic.

What it Means

The phyllic alteration overprint with abundant 'D' and 'B' veins in drill hole SMD001 is typical of a mineralised porphyry system (Figure 1). The alteration and mineralisation observed in this drill hole is consistent with the IP chargeability anomaly and is considered the best looking hole in the Thursday's Gossan prospect to date.

The drill core looks 'busy' and demonstrates the multiple phases of alteration, veining and abundant sulphides necessary for a well-mineralised porphyry system (Photos 3 & 4).

SMD001 is considered an outstanding technical success and a major step forward in the objective of systematically vectoring into what should be the best-developed copper-gold mineralisation in the very large Thursday's Gossan porphyry system. Assays are expected to be some 6 to 8 weeks away.

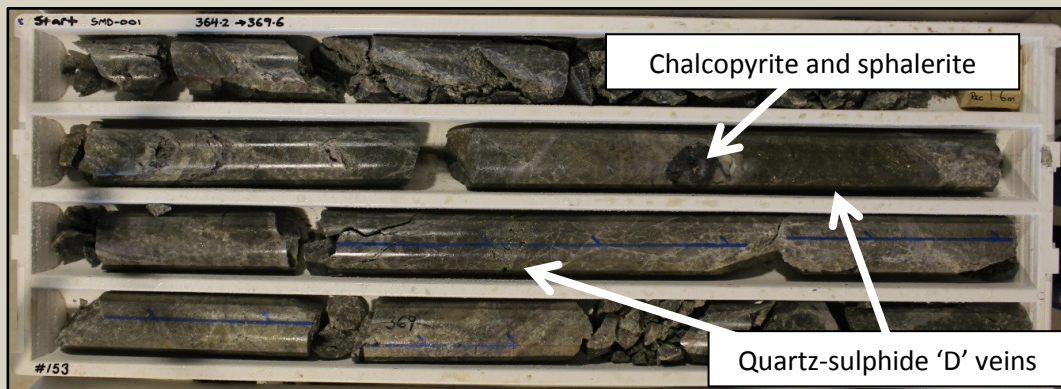


Photo 3: Pervasive phyllic alteration with 'D' and 'B' veins in SMD001 from 364.2-369.6m.

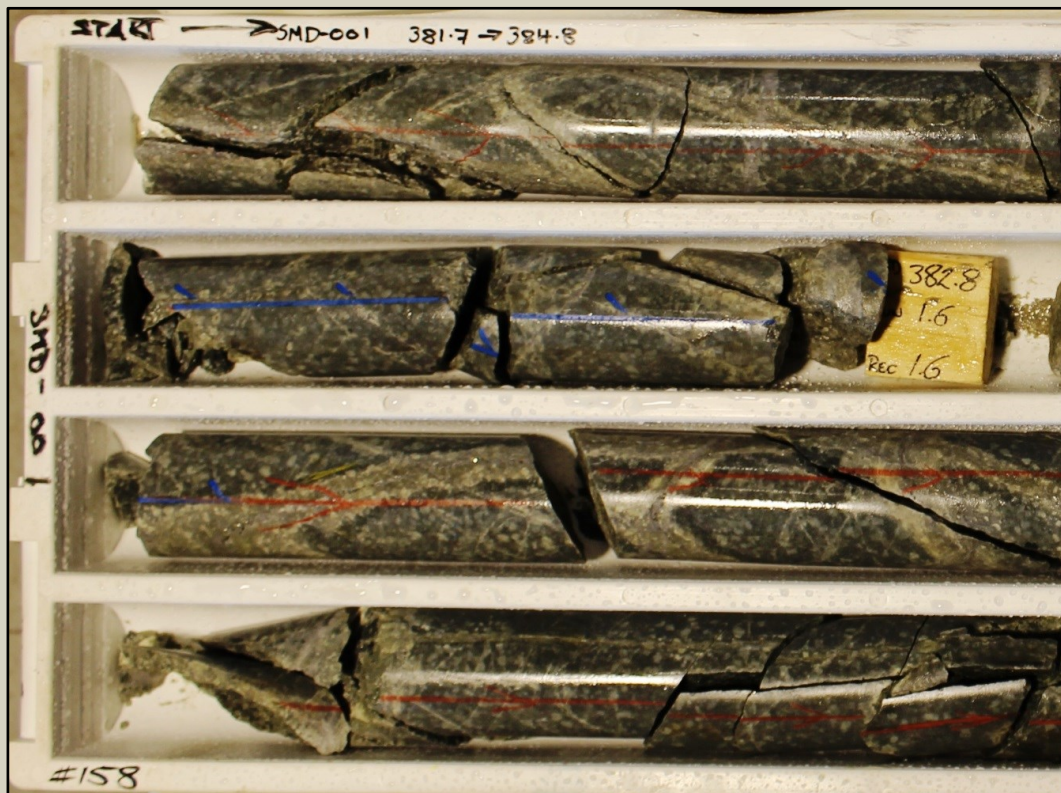


Photo 4: Typical porphyry 'B' quartz veins with sericite selvages and sulphide filled centres in SMD001 from 381.7-384.8m.

The Forward Programme at the Stavely Project

While wet weather conditions in western Victoria have presented logistical challenges, the Company will commence drilling the first hole to test the Junction porphyry within the next 7-10 days once site preparations have been completed. Access for the next deep diamond drill holes at the Thursday's Gossan prospect will have all-weather access.

Stavely Minerals is very keen to drill the remaining diamond drill holes in the current programme as they are intended to systematically vector towards the expected well-developed copper-gold mineralisation at Thursday's Gossan.

Ararat Project Drilling

The Objective

At the Ararat Project, RC drilling has commenced with two objectives:

1. To test the northern extensions to the known Mt Ararat copper-gold-zinc mineralisation as indicated by ground EM conductors extending north.
2. To test previously undrilled EM conductors at the Carrolls prospect generated by recent ground EM programmes completed by Stavely Minerals prior to the Company's recently successful IPO and ASX listing. The aim of this component of the RC drilling programme – comprising 200-metre deep drill holes at 200-metre spacings along the 3-kilometre strike extent of the EM conductors – is to provide access for the systematic use of down-hole EM surveys expected to identify the more conductive zones at depth. These conductive zones are likely to indicate the presence of well-developed zones of massive sulphide copper-gold-zinc mineralisation which will be tested by follow-up diamond drilling.

What the Drilling has Intersected So Far

The first RC drill hole into the northern extensions to the known copper-gold-zinc mineralisation has intersected pyrite, pyrrhotite and chalcopyrite (copper sulphide) mineralisation over a 4 metre interval down-hole. A further six RC drill holes are being completed in this area as part of the current programme.

Additionally, two RC holes have been completed and another four RC drill holes planned to test the ground EM conductors at the Carroll's Prospect. The two drill holes completed to date have intersected magnetite, pyrite, pyrrhotite ± chalcopyrite with minor graphite at the depths indicated in the EM models.

What this Means

In summary, the RC drilling programme at Mt Ararat is progressing as planned and is intersecting the targets as designed. Drilling of the northern extensions of the known Mt Ararat copper-gold-zinc deposit has intersected mineralisation at the expected depth.

RC drilling of the EM conductors at the Carroll's prospect has intersected sulphides at the modelled depths and, importantly, has provided confidence that the extensive EM conductors (over 3-kilometres strike length and to depths of up to 800 metres) are related to sulphide mineralisation and not un-mineralised graphitic sediments.

Assay results should be starting to flow within a couple of weeks.

Summary and Comments

Stavely Minerals' Managing Director, Mr Chris Cairns, said the Company was very pleased with the progress of the maiden drilling programs at both its flagship projects.

"The objective of the Phase 1 deep drilling at Thursday's Gossan is to give us sufficient 3D information to vector in to what we would expect to be the best developed copper-gold mineralisation in this large porphyry system," Mr Cairns said.

"The spatial alteration zonation pattern of large porphyry systems is well understood and what we have seen in SMD001 displays 'text-book' attributes that we expect will provide, in conjunction with other Phase 1 drill-holes, an excellent vector to the best developed copper-gold mineralisation at both the Thursday's Gossan and Junction pophryies.

"We are confident that this systematic approach will provide the best opportunity to make a significant discovery.

"At the Mt Ararat copper-gold-zinc VMS deposit and the Carrol's prospect, RC drilling is intersecting what we had hoped to see and is progressing very nicely," Mr Cairns added.



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.

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.

For Further Information, please contact:

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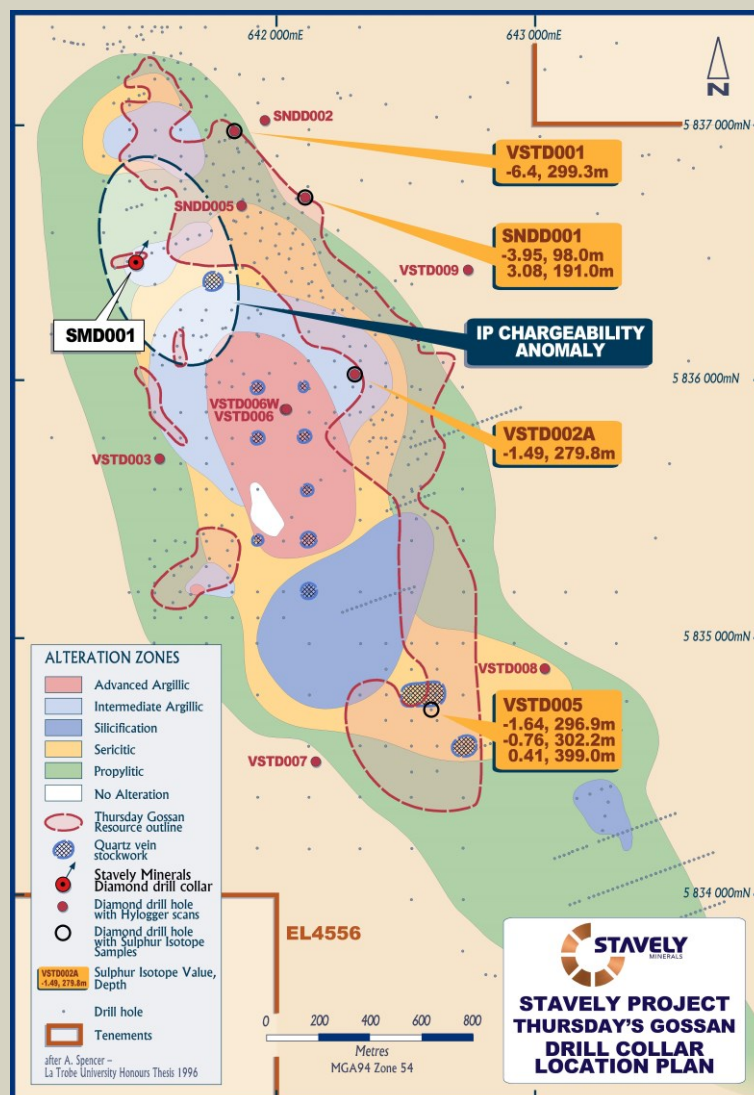


Figure 2: Thursdays Gossan drill collar location plan.

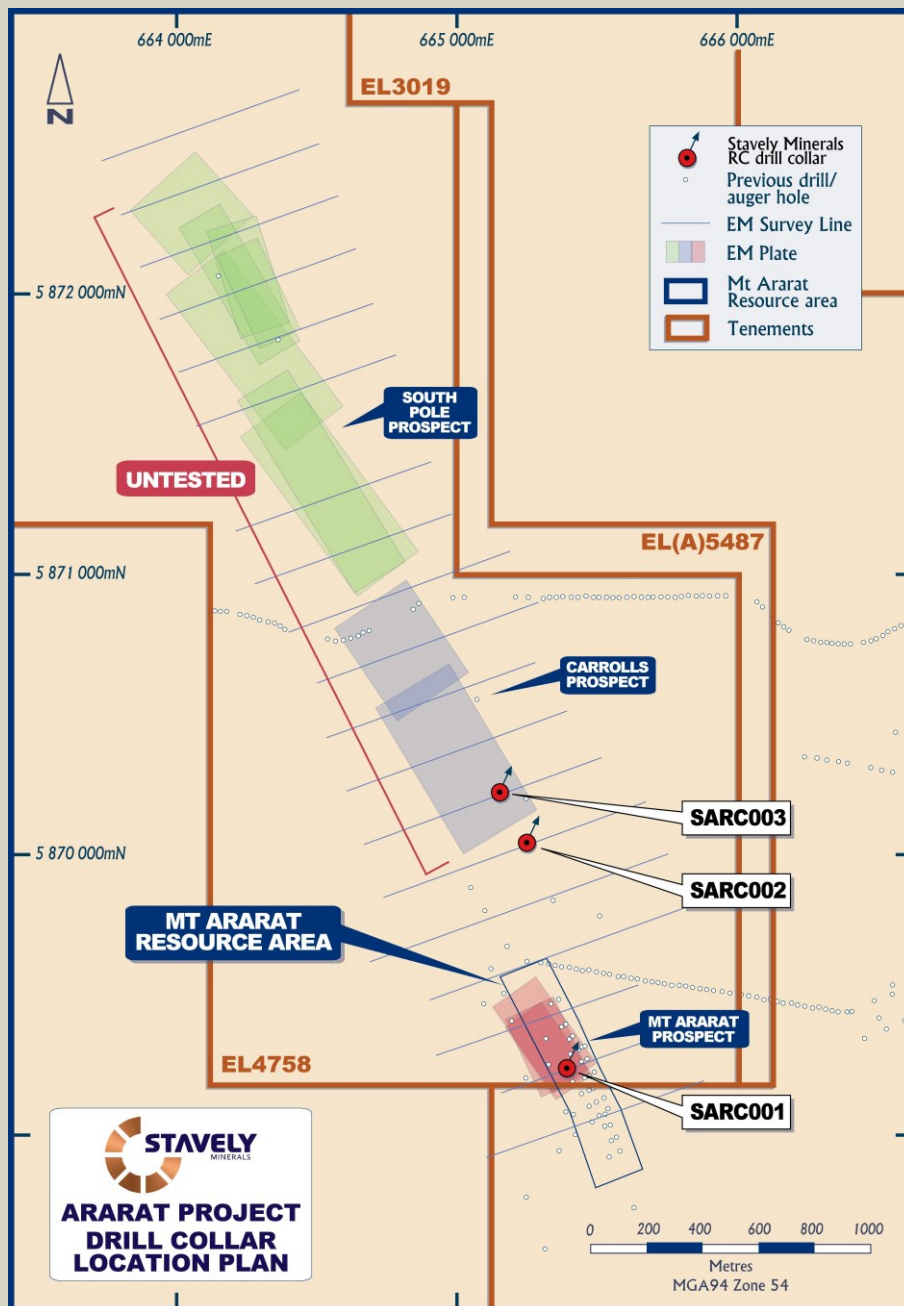


Figure 3: Ararat drill collar location plan.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>Mt Ararat and Carrolls Prospects</p> <p>Reverse Circulation (RC) percussion drilling was used to produce a 1m bulk sample (~25kg) which was collected in plastic bags and representative 1m split samples (12.5%, or nominally 3kg) were collected using a cone splitter and placed in a calico bag. The cyclone was cleaned out with compressed air at the end of each hole and periodically during the drilling.</p> <p>One RC hole SARC001 was drilled at the Mt Ararat Prospect and two RC holes SARC002-003 were drilled at the Carroll's prospect at 200m hole spacings. Holes drilled at -60° to -70° on 065 to optimally intercept mineralised zone and the EM plates.</p> <p>Thursday's Gossan Prospect</p> <p>One diamond drill hole, SMD001 was drilled at the Thursday's Gossan Prospect. Diamond drilling was used to produce drill core with a diameter of 85mm (PQ) from surface to a depth of 302.5m and then 63.5mm (HQ) from 302.5m to 522.3m (eoh). SMD001 was orientated at 60° toward 060° to intercept and drill beneath an IP chargeability anomaly interpreted as representing the phyllic alteration of a porphyry system.</p>
	<i>Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used.</i>	<p>Sample representativity was ensured by a combination of Company Procedures regarding quality controls (QC) and quality assurance/ testing (QA).</p> <p>Examples of QC include (but are not limited to), daily workplace and equipment inspections, as well as drilling and sampling procedures.</p> <p>Examples of QA include (but are not limited to), collection of drilling duplicates ("field duplicates), the use of certified standards and blank samples.</p>
	<i>Aspects of the determination of mineralisation that are Material to the Public Report - In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	<p>Drill sampling techniques are considered industry standard for the Stavely and Ararat work programs.</p> <p>Mt Ararat and Carrolls Prospects</p> <p>For the RC drilling geological logging was completed and, following handheld XRF analysis, the 1m split samples for the mineralized intervals as well as for 5m of the footwall and 5m of the hanging wall were selected for laboratory analysis.</p> <p>The RC drill samples were submitted to ALS in Orange, NSW. Laboratory sample preparation involved: sample crushed to 70% < 2mm, riffle/rotary split off 1kg, pulverize split to >85% passing 75 microns.</p> <p>RC samples analysed by ME-OG62 – ore grade four acid digest with ICPAES analysis and AA25 – fire assay with AAS finish.</p> <p>Thursday's Gossan Prospect</p> <p>For the diamond core the entire hole has been sampled. For the PQ core quarter core and for the HQ half core was submitted to the laboratory for analysis. Sample intervals were</p>

Criteria	JORC Code explanation	Commentary
		<p>based on lithology but in general were 1m. No intervals were less than 0.6m or greater than 1.4m.</p> <p>The diamond drill samples were submitted to ALS in Orange, NSW. Laboratory sample preparation involved:- sample crushed to 70% < 2mm, riffle/rotary split off 1kg, pulverize split to >85% passing 75 microns.</p> <p>Diamond core samples were analysed by ME-ICP61 - Multi acid digest with HF and ICPAES and ICPMS and Au-AA23 – fire assay with AAS finish</p>
Drilling techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	<p>Mt Ararat and Carrolls Prospects</p> <p>RC percussion drilling using a track mounted rig. The top drive drill used standard 6m length RC rods (4.0" diameter) and 4" slimline hammer (Sandvik 004) with a 121mm face sampling RC bit.</p> <p>Thursday's Gossan Prospect</p> <p>Diamond drilling used PQ (85mm internal diameter) and HQ (63.5mm internal diameter) drill bits. The core barrel utilised triple-tube inner tube splits to maximise core recovery and integrity. Diamond core was orientated by the Reflex ACT III core orientation tool.</p>
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	<p>RC sample recovery was good and did not require the use of "booster" air pressure. Air pressure used for RC drilling was 600psi. RC sample recovery was visually checked during drilling for moisture or contamination. Minimal sample loss or carry-over gain was recorded, with the majority of samples estimated to be 90-100% recovery. No significant water was noted in the RC holes.</p> <p>Diamond core recoveries were logged and recorded in the database. Greater than 83% of the hole had 100% core recovery, with only 0.4% of the hole recording 0% recovery.</p>
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	<p>Diamond core is reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the driller.</p> <p>The RC samples are collected by plastic bag directly from the rig-mounted cyclone and laid directly on the ground in rows of 10. The drill cyclone and sample buckets are cleaned between rod-changes and after each hole to minimise down-hole and/or cross contamination.</p>
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	No comment can be made at this stage as no assay results have been received.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate</i>	Geological logging of samples following company and industry common practice. Qualitative logging of samples including (but not limited to); lithology, mineralogy, alteration, veining and weathering. Diamond core logging included additional fields

Criteria	JORC Code explanation	Commentary
	<i>Mineral Resource estimation, mining studies and metallurgical studies.</i>	<p>such as structure and geotechnical parameters.</p> <p>Due to the fractured nature of the core returned in SMD001 there was a low confidence in the orientations and consequently only limited structural measurement could be taken.</p> <p>Magnetic Susceptibility measurements were taken for each 1m RC sample and each 1m diamond core interval.</p>
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	<p>All logging is quantitative, based on visual field estimates. Systematic photography of the diamond core in the wet and dry form was completed.</p> <p>Chip trays with representative 1m RC samples were collected and photographed then stored for future reference.</p>
	<i>The total length and percentage of the relevant intersections logged.</i>	<p>All RC chips samples were geologically logged by Stavely's on-site geologist on a 1m basis, with digital capture in the field.</p> <p>Detailed diamond core logging, with digital capture was conducted for 100% of the core by Stavely's on-site geologist at the company's core shed near Glenthompson.</p>
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Quarter core for the PQ diameter diamond core and half core for the HQ diameter core was sampled on site using an Almonte automated feed core saw.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Splitting of RC samples occurred via a rotary cone splitter by the RC drill rig operators. Cone splitting of RC drill samples occurred regardless of whether the sample was wet or dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Company procedures were followed to ensure sub-sampling adequacy and consistency. These included (but were not limited to), daily work place inspections of sampling equipment and practices, as well as sub-sample duplicated ("field duplicates").
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Field duplicates, blanks and certified reference materials are submitted with the samples to the laboratory as part of the quality control procedures.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	RC field duplicates are taken at a rate of 1 in every 20 samples submitted for analysis.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered to be appropriate to correctly represent the sought mineralisation.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	No assay results were included in this release.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters</i>	No assay results were included in this release.

Criteria	JORC Code explanation	Commentary
	<i>used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	No assay results were included in this release.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	No assay results were included in this release.
	<i>The use of twinned holes.</i>	No assay results were included in this release.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Primary data was collected for drill holes using the OCRIS logging template on Panasonic Toughbook laptop computers using lookup codes. The information was sent to a database consultant for validation and compilation into a SQL database.
	<i>Discuss any adjustment to assay data</i>	No assay results were included in this release
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Drill collar locations were pegged before drilling and surveyed using Garmin handheld GPS to accuracy of +/- 3m. Collar surveying was performed by Stavely Minerals personnel. This is considered appropriate at this early stage of exploration. For diamond hole SMD001 down-hole single shot surveys were conducted by the drilling contractor. Surveys were conducted at 6m, 18, 30m and then approximately every 30m down-hole. For the RC drill holes downhole dip surveys were taken at approximately 30m intervals and at the bottom of hole.
	<i>Specification of the grid system used</i>	The grid system used is GDA94, zone 54.
	<i>Quality and adequacy of topographic control.</i>	At Thursday's Gossan topographic control is achieved via use of DTM developed from a 2008 airborne magnetic survey conducted by UTS contractors measuring relative height using radar techniques. At Mt Ararat and Carrolls topographic control is achieved via use of DTM developed from a 2007 Helicopter-borne VTEM Survey conducted by Geotech Airborne Limited.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	The drillhole spacing is project specific, refer to figures in text.
	<i>Whether the data spacing and distribution is sufficient to</i>	The RC drill holes at Carrolls (SARC002 & SARC003) are spaced 200m apart with a single hole per section. The drilling is

Criteria	JORC Code explanation	Commentary
	<i>establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	<p>reconnaissance in nature and not appropriate for Mineral Resource or Ore Reserve Estimations.</p> <p>RC hole SARC001 was drilled in the northern portion of the Mt Ararat resource intersected the expected geology and mineralized zone and will be used for Mineral Resource estimation.</p> <p>The single diamond drill hole SMD001 at the Thursday's Gossan prospect does not provide sufficient data distribution and spacing appropriate for Mineral Resource or Ore Reserve Estimations.</p>
	<i>Whether sample compositing has been applied</i>	No sample compositing has been applied.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	<p>At Mt Ararat and Carrolls the RC holes have been orientated in an ENE (060) direction to intercept at a perpendicular angle the known mineralisation and the WSW (~240°) striking and - 60° dipping EM plates.</p> <p>At Thursday's Gossan, diamond drill hole SMD001 was orientated at 60° toward 060° to intercept and drill beneath an IP chargeability anomaly interpreted as representing the phyllic alteration overprint of a porphyry system.</p>
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No results have been received to determine if any orientation sampling bias can be identified in the data.
Sample security	<i>The measures taken to ensure sample security.</i>	Samples are delivered to the transport company in Ararat by Stavelly Mineral's personnel. The samples are then transported by road to ALS Laboratory in Orange, NSW.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews of the data management system has been carried out.