ASX Code: SVY

Issued Shares: 80.4M

Cash Balance: $4.2M

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HIGHLIGHTS

Exploration

- Well-developed porphyry-style alteration, quartz veining and sulphide mineralisation intercepted over broad intervals in first deep diamond drill hole at the **Thursday's Gossan prospect**, in the **Stavely Project**.
- First RC drill hole targeting northern extensions of the **Mt Ararat** copper-gold-zinc VMS, in the **Ararat Project** has intercepted pyrite-pyrrhotite-chalcopyrite-sphalerite mineralisation over 4 metres as predicted by ground EM modelling.
- RC drilling of ground EM conductors at the **Carroll's prospect** north of the Mt Ararat VMS, in the **Ararat Project** has intercepted magnetite, pyrite, pyrrhotite and chalcopyrite at the depths expected in the EM model and is considered very encouraging for subsequent down-hole EM surveying and targeting of massive sulphide mineralisation at depth.

Corporate

- Stavely Minerals Limited made its debut on the ASX on the 7th May 2014 following a strongly supported $6.1 million Initial Public Offering (IPO).
- $4.2M cash on hand as at the 30th June 2014.

OVERVIEW

The Initial Public Offering (IPO) closed on the 23rd April 2014 without extension, after Stavely Minerals Limited (Stavely Minerals) accepted subscriptions for $6.1 million, slightly over the IPO target of $6 million. The Company secured over 500 new shareholders, well above the 350 minimum required for an IPO with the ownership structure Stavely Minerals has. Stavely Minerals listed on the ASX on the 7th May 2014 becoming the only junior mineral exploration company to debut on the stock exchange in the first half of 2014 (excluding one other company currently suspended from trading).

Within 10 days of completing the IPO and ASX listing, Stavely Minerals' personnel mobilised to site to prepare for the diamond drilling program at the Thursday's Gossan and Junction porphyry copper-gold prospects at the Stavely Project and the RC drilling at the Mt Ararat copper-gold VMS deposit and the Carroll's prospect.

Despite wet weather conditions in western Victoria which has presented logistical challenges, with Ararat receiving 106 mm of rain in June being nearly double the monthly mean (56 mm), Stavely Minerals completed the first diamond drill hole at Thursday's Gossan to a depth of 522 metres and the first three RC holes at the Mt Ararat VMS deposit and the Carroll's prospect.

Stavely Minerals are extremely encouraged by what has been seen in the initial drilling. RC drilling of the EM conductors at the Carroll's prospect has intercepted 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.

The drill core at Thursday's Gossan looks 'busy' and demonstrates the multiple phases of alteration, veining and abundant sulphides necessary for a well-mineralised porphyry system. The hole is considered an outstanding success as it is a major step forward in vectoring into what should be the best-developed copper-gold mineralisation in the very large Thursday's Gossan porphyry system. This hole is considered significant in that it is expected to provide an important vector to better developed copper-gold mineralisation proximal to the target potassic alteration zones yet to be seen.

Assay results were pending at the end of the quarter.

At the end of the June Quarter RC drilling was in progress at the Mt Ararat and Carroll's prospects. All-weather access for the next deep diamond drill holes at the Thursday's Gossan prospect has commenced. Following site preparations, drilling of the first deep diamond hole testing the Junction porphyry commenced in early July.

Stavely Minerals is keen to drill the remaining diamond drill holes in the current programme as they are intended to systematically provide a vector towards the expected better-developed copper-gold mineralisation near the core of the very large hydrothermal system at Thursday's Gossan and Junction prospects.

EXPLORATION

During the June Quarter Stavely Minerals have been conducting drilling activities at both the Stavely and Ararat Projects in western Victoria.

At the Stavely Project, deep diamond drilling commenced testing the porphyry copper-gold target at the Thursday's Gossan prospect (Photo 1). At the Ararat Project, RC drilling is targeting the northern extensions to 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% zinc[1]) and untested ground EM conductor anomalies to the north at the Carroll's prospect.

Photo 1. Diamond Drill Rig setting up on SMD001

Ararat Project

RC drilling commenced at the Ararat Project during the June Quarter with 2 objectives:

1. Test the northern extensions to the known Mt Ararat copper-gold-zinc mineralisation as indicated by ground EM conductors extending north.
2. Test previously undrilled EM conductors at the Carroll's prospect generated by recent ground EM programmes completed by Stavely Minerals prior to the Company's IPO. 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 which are expected to identify more conductive zones at depth. These conductive zones are likely to indicate the presence of well-developed massive sulphide copper-gold-zinc mineralisation which will be tested by follow-up diamond drilling.

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

Mt Ararat Resource

At the end of the June Quarter the first RC drill hole (SARC001) into the northern extensions to the known copper-gold -zinc mineralisation had been completed (Figure 1). Drilling intercepted pyrite, pyrrhotite and chalcopyrite (copper sulphide) mineralisation over a 4 metre interval down-hole at the expected depth. Assay results are pending.

Carroll's Prospect

Two RC holes (SARC002 – 003) have been completed at the Carroll's prospect during the quarter (Figure 1 and Photo 2). The two drill holes completed to date to test the ground EM conductors have intercepted magnetite, pyrite, pyrrhotite ± chalcopyrite with minor graphite at the depths indicated in the EM models.

Assay results are pending.

Photo 2. RC Drill Rig at Mt Ararat

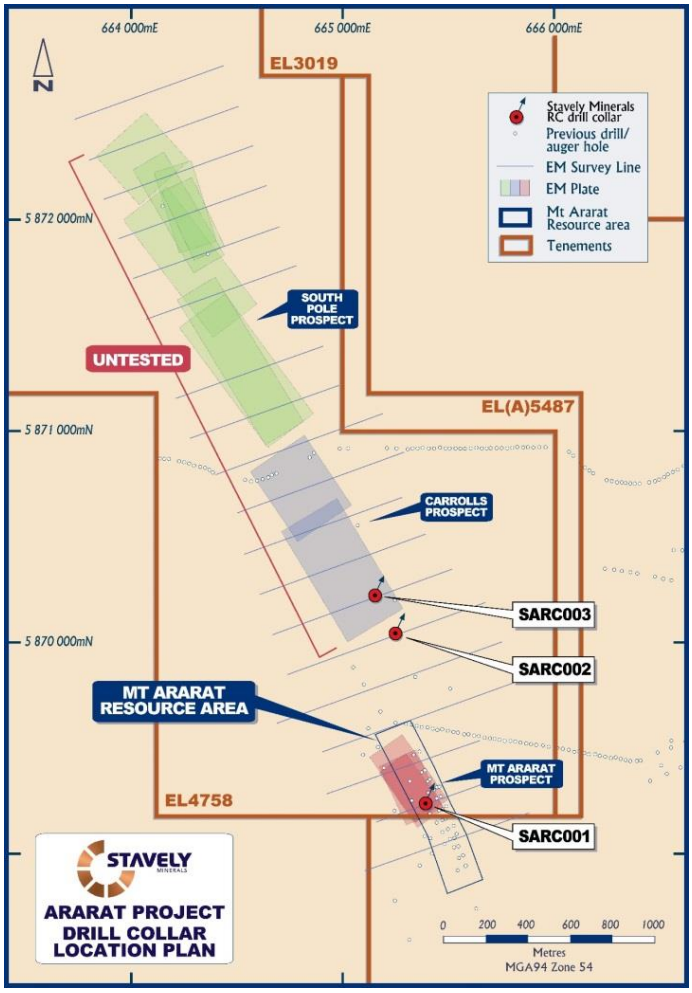

Figure 1. Ararat Project Drill Collar Location Plan

Stavely Project

At the Stavely Project, the first diamond drill hole SMD001 at the Thursday's Gossan prospect has been completed to a depth of 522 metres (Figure 2).

The 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.

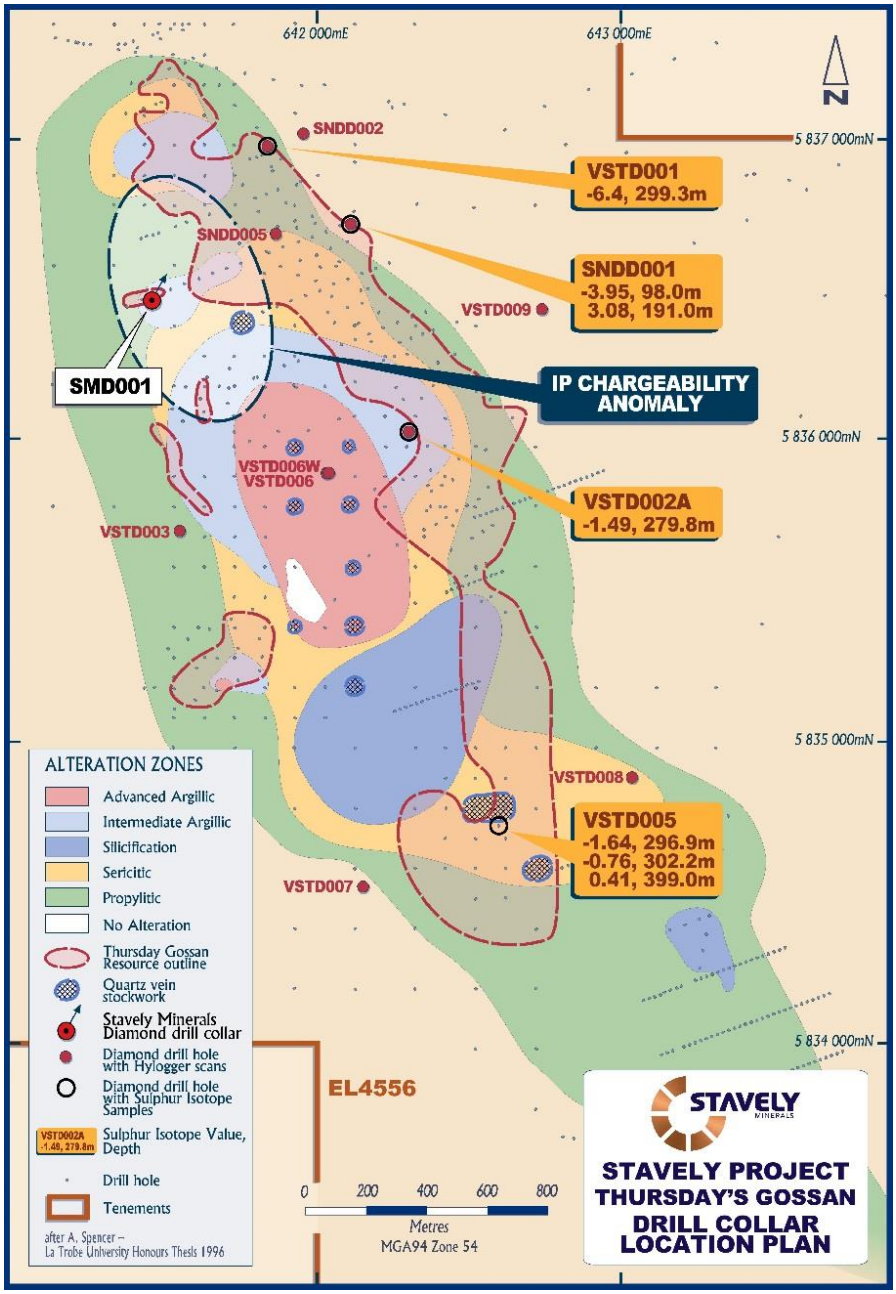

Figure 2. Stavely Project - Thursday's Gossan Drill Collar Location Plan

Thursday's Gossan Prospect

SMD001 is interpreted to have progressed from the peripheral propylitic altered country rock comprising altered andesite lavas and tuffs with occasional sulphidic pyrite-quartz ± chalcopyrite 'D' veins of up to 1 metre widths into inner-propylitic alteration with secondary magnetite and epidote at a depth of 210 metres. From 270 metres to 360 metres depth, the propylitic alteration is overprinted by a moderate phyllic (silica-sericite-pyrite) alteration with classical porphyry 'B' quartz veins comprising sericite selvedges and pyrite ± chalcopyrite, bornite and ?covellite sulphide cores (Photo 4). Massive sulphide-quartz 'D' veins with pyrite ± chalcopyrite, bornite, molybdenite,

sphalerite and hematite are common (Photo 3). At 420 metres depth, the drill hole intersected a fault and on the other side of this structure the alteration returned to being predominantly propylitic with fracture controlled pyrite and lesser chalcopyrite sulphide mineralisation.

The phyllic alteration overprint with abundant 'D' and 'B' veins is typical of a mineralised porphyry system (Figure 3). 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.

Assays are pending.

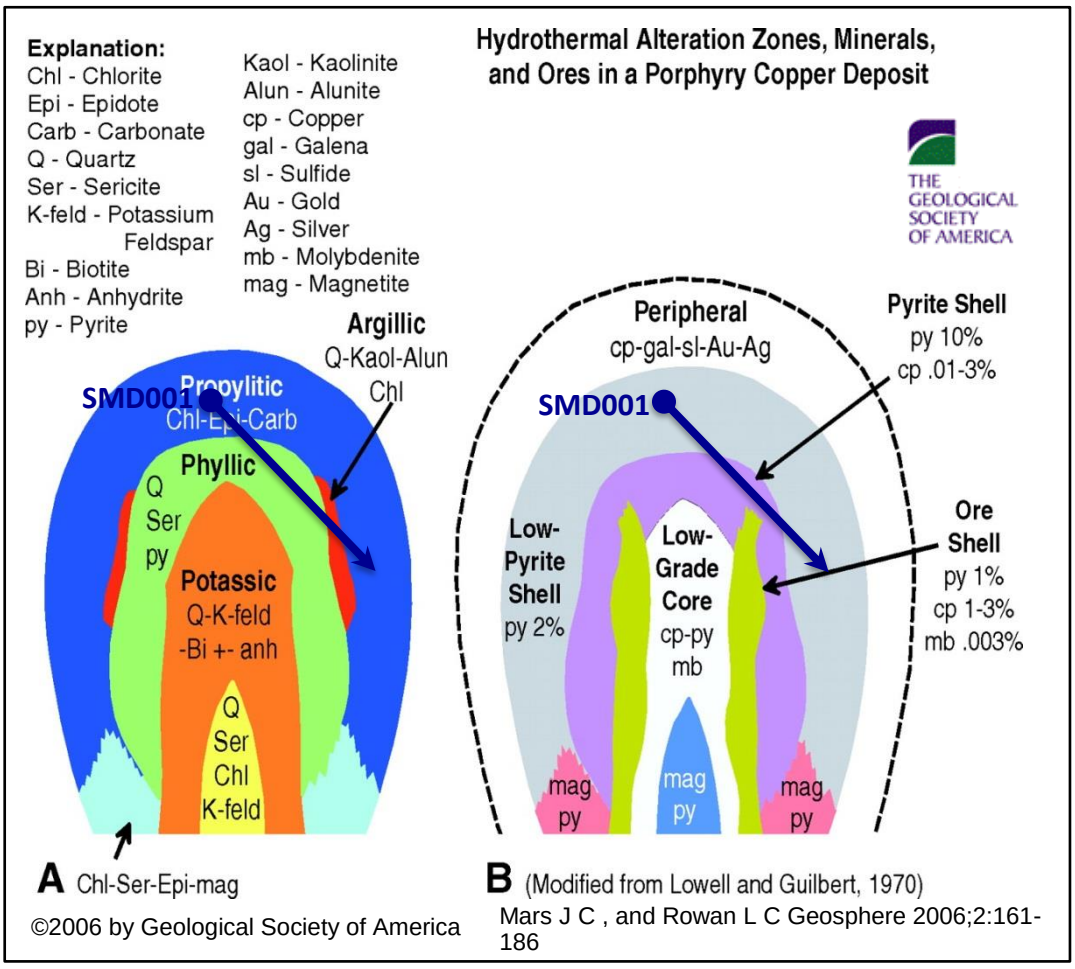

Figure 3. Illustrated deposit model of a porphyry copper deposit (modified from Lowell and Guilbert, 1970). (A) Schematic cross section of hydrothermal alteration minerals and types, which include propylitic, phyllic, argillic, and potassic alteration. (B) Schematic cross section of ores associated with each alteration type. Interpreted location of SMD001 shown on graphic.

Photo 3: Typical porphyry quartz sulphide 'D' vein with pyrite, chalcopyrite, molybdenite and sphalerite in SMD001 at 381m.

Photo 4: Typical porphyry 'B' quartz vein with sericite selvedge and pyrite core in SMD001 at 390m.

Junction Prospect

Site preparations for drilling the first deep diamond hole testing the Junction porphyry commenced at the end of June.

Planned Exploration

Ararat Project

Planned exploration for the September 2014 quarter includes the completion of the planned RC drilling programme at the Mt Ararat deposit and at Carroll's prospect.

A further six RC drill holes have been planned to the immediate north of the Mt Ararat deposit in the current programme and drilling was in progress at the end of the current quarter. Drilling of an additional three RC holes and two RC pre-collar to test the ground EM conductors at the Carroll's prospect will be completed during the next quarter.

Weather permitting, a down hole EM survey will be conducted upon completion of the current Mt Ararat and Carroll's prospect drilling.

Planned RC drilling to test the ground EM conductors at the South Pole prospect will commence when ground conditions improve after the winter rains.

Stavely Project

Planned exploration for the forthcoming quarter includes the drilling of the first deep diamond hole to test the Junction porphyry and a continuation of the deep diamond drilling programme at Thursday's Gossan.

The Junction porphyry target is defined by a coincident magnetic high, strong soil copper geochemistry, RAB drilling copper anomalism and has been tested by only two diamond drill holes to date.

CORPORATE

Stavely Minerals had a total of $4.2M cash on hand at the end of the June 2014 Quarter.

The final purchase payment for the Stavely and Ararat Projects of $0.5m was paid to BCD Resources.

Tenement Portfolio - Victoria

The tenements held by Stavely Minerals Limited as at the 30th June 2014 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
East Ararat	ELA 5477	(26 April 2013)	86
Mt Ararat	EL 3019	21 December 1989	42
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Mortlake	EL 5470	17 June 2013	475
Glenthompson	EL 5471	17 June 2013	15
Mt Ararat	ELA 5486	(21 June 2013)	2
Mt Ararat	ELA 5487	(21 June 2013)	5
Ararat	RLA 2011	(14 August 2013)	11
Ararat	RLA 2011	Withdrawn	11
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139

During the quarter the Company did not dispose of any tenements and applied for two new retention licences covering sufficient area for the existing Inferred Mineral Resources, extensions to known mineralisation / prospective horizons and possible future infrastructure requirements, one each at the Stavely and Ararat Projects.

As stated by The Victorian Department of Energy and Earth Resources a Retention Licence is defined as:-

“A retention license is an intermediate licence between an exploration licence and a mining licence. It allows activities such as intensive exploration, research and other development activities required to demonstrate the economic viability of mining. The primary purpose of a retention licence is to undertake further evaluation work on a

mineral resource, which is not currently economically viable to mine, in order to establish its economic viability and lead to mining of the mineral resource."

ANNOUNCEMENTS

Investors are directed to the following announcements (available at www.stavely.com.au) made by Stavely Minerals during the June 2014 Quarter for full details of the information summarised in the Quarterly Report.

30/06/2014 - Drilling Update - Stavely and Ararat Projects
07/05/2014 - Media Release - Stavely set for ASX Debut
06/05/2014 - Becoming a substantial holder
06/05/2014 - Becoming a substantial holder
06/05/2014 - Initial Director's Interest Notice
06/05/2014 - Initial Director's Interest Notice
06/05/2014 - Initial Director's Interest Notice
06/05/2014 - Initial Director's Interest Notice
06/05/2014 - Securities Trading Policy
06/05/2014 - Confirmations
06/05/2014 - Accounts year ended 30 June 2013
06/05/2014 - Accounts year ended 30 June 2012
06/05/2014 - Accounts year ended 30 June 2011
06/05/2014 - Top 20 shareholders
06/05/2014 - Distribution schedule
06/05/2014 - Constitution
06/05/2014 - Appendix 1A and Information Form and Checklist
06/05/2014 - ASX Market Release - Pre-quotation disclosure
06/05/2014 - Admission to Official List
06/05/2014 - ASX Notice - Admission to Official List
29/04/2014 - IPO Closes Fully Subscribed
16/04/2014 - ASX Bookbuild Facility Closed
15/04/2014 - ASX Bookbuild Facility to Close
26/03/2014 - Stavely Minerals Limited - Prospectus
26/03/2014 - ASX BookBuild Initial Public Parameters
26/03/2014 - ASX Bookbuild to Facilitate Stavely Minerals IPO
26/03/2014 - Stavely Minerals Limited - Prospectus

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.