STAVELY MINERALS
ASX Code: SVY

ASX ANNOUNCEMENT **19 January 2023**

Stavely Copper-Gold Project – Exploration Update

Pivotal 2023 Exploration Campaign Commences with Air-core Drilling of Regional Targets Underway and Diamond Drilling of Deep Porphyry Target Imminent

Air-core drilling to shift to the Narrapumelap REE prospect this week.

- **Air-core drilling across regional targets – a combination of follow-up to anomalous results from last year's reconnaissance air-core programmes and new targets – has commenced with initial drilling underway in the Junction 3 target area. Follow-up of other regional targets will follow.**
- **Air-core drilling of the exciting new Narrapumelap soil auger Rare Earth Element (REE) anomaly, with a highest result of 0.24% TREO+Y, is scheduled to commence by the end of this week.**
- **Drilling of an initial panel of 4 x 800m diamond drill holes will commence imminently with one drill rig currently on-site setting up and another set to arrive within days. The target is based on a new interpretation of the location of a causative porphyry to the high-grade copper-gold Cayley Lode mineralisation.**
- **Titeline drillers have agreed to accept ⅓ of the estimated cost of this programme in Stavely shares.**
- **A review of data and drill core by Dr Steve Garwin in late 2022, in conjunction with site-based personnel, has identified that the Cayley Lode mineralisation is transitioning in character from a distal ~250°C to 300°C high-sulphidation assemblage with characteristic copper sulphide minerals enargite and covellite, to a hotter ~400°C to 450°C intermediate-sulphidation assemblage with chalcopyrite-hematite-specularite-and magnetite down-plunge.**
- **While the sulphide assemblage of the mineralisation at the Cayley Lode has previously been noted as zoned spatially and temporally, the intermediate-sulphidation assemblage demonstrated by drill holes SMD173 and SMD182 (the last and deepest drill hole in the south-eastern sector of the Cayley Lode) are interpreted as reflecting temperatures of deposition/thermal stability that would be considered proximal to the oft-postulated causative porphyry.**

Stavely Minerals Limited (ASX Code: **SVY** – "Stavely Minerals") is pleased to advise that it is has commenced a significant new phase of exploration activity at its 100%-owned **Stavely Copper-Gold Project** in western Victoria (Figure 1) after completing an extensive review of regional and near-resource discovery opportunities last year.

Stavely Minerals Executive Chair and Managing Director, Mr Chris Cairns, said: *"Following on from our recent review of regional exploration opportunities for the upcoming exploration season, we were pleased to host renowned porphyry expert Dr Steve Garwin at site to review the Thursday's Gossan / Cayley Lode data and drill core.*

"Dr Garwin's insights have assisted the site team to recognise a systematic zonation of sulphides in the high-grade copper-gold mineralised structures, and this has provided very material encouragement to pursue the Cayley Lode at depth. In essence, the mineral assemblage in the last few, and so far deepest, drill holes completed on the Cayley Lode while completing the initial Mineral Resource drill-out, indicate an increase in temperature of mineral formation which, if it continues, should bring our drilling towards the causative porphyry.

"We are now about to commence the drilling a number of wide-spaced diamond drill holes to test for deeper porphyry-style copper-gold mineralisation. With a 500-million-year-old deposit, there is always a degree of risk of structural offset and other risk factors but we believe the target is technically robust and the potential prize is well worth the effort."

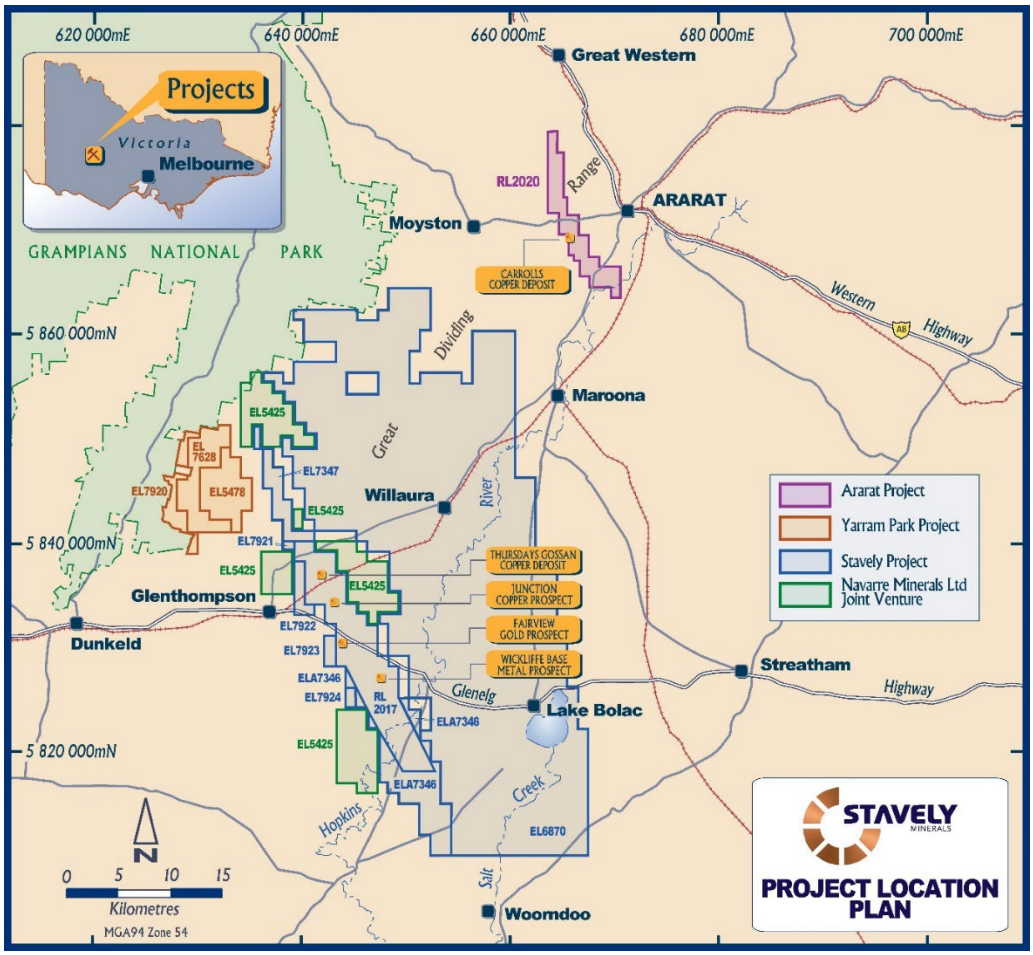

Figure 1. Stavely Project location map.

The Diamond Drill Programme

At the end of 2022 prominent porphyry expert Dr Steve Garwin was invited to review the drill data for the Cayley Lode and to visit site to inspect the drill core.

As a result of Dr Garwin's review, a new porphyry target has been developed beneath and along plunge of some of the latest and deepest intercepts on the Cayley Lode including holes SMD173 and SMD182 (Figures 2-5) (see ASX announcement 29/11/2022).

SMD173 was one of the last diamond drill holes completed during the Mineral Resource drill-out. At the time, some investors and analysts had expressed concerns that the Cayley Lode mineralisation might not extend below the low-angle structure and SMD173 was designed to confirm Stavely Minerals' strongly-held conviction that the mineralisation did continue at depth.

SMD173 intercepted **43m at 2.60% Cu, 0.42g/t Au and 10g/t Ag** from 378m drill depth (see ASX announcement 08/03/2022). Of significance is that the character of the mineralisation in SMD173 had changed relative to intercepts from previous drill-holes.

The early massive- to semi-massive pyrite phase was less evident and the interval was more dominantly characterised by jigsaw breccia to stockwork veins of quartz-chalcopyrite-hematite-specularite-magnetite (Photo 1). There is very little pyrite in this interval.

Photo 1. Chalcopyrite-quartz-hematite fill jigsaw breccia in chlorite-silica altered microdiorite - SMD173, 390.6m drill depth, HQ diameter uncut drill core. Note the dominance of chalcopyrite and hematite and the almost total lack of pyrite as distinct from the previous samples in SMD032, SMD044W1 and SMD050.

SMD182 was the last drill hole completed in the Mineral Resource drill-out. The objective of this drill-hole was to further test the down-plunge extent of the Cayley Lode beyond SMD173. SMD182 intercepted **10.4m at 4.34% Cu, 3.17g/t Au and 11g/t Ag** from 421m drill depth, including **4.9m at 6.74% Cu, 6.45g/t Au and 19g/t Ag** (see ASX announcement 27/04/2022).

Photo 2. Chalcopyrite-specularite-hematite-magnetite mineralisation - SMD182, 423.5m drill depth, HQ3 diameter ½ cut drill core.

Two important observations from SMD182 are:

1) the clear association of hematite-specularite-magnetite-chalcopyrite with very little pyrite (Photo 2); and

2) the near parity of gold grade in g/t to the copper grade in %.

The potential economic significance of an increase in gold grades with high-grade copper in this intercept cannot be overstated. As mentioned in the original announcement, more drilling is required to confirm this increase in relative gold grade but it is not unexpected given the change in the character of the mineralisation.

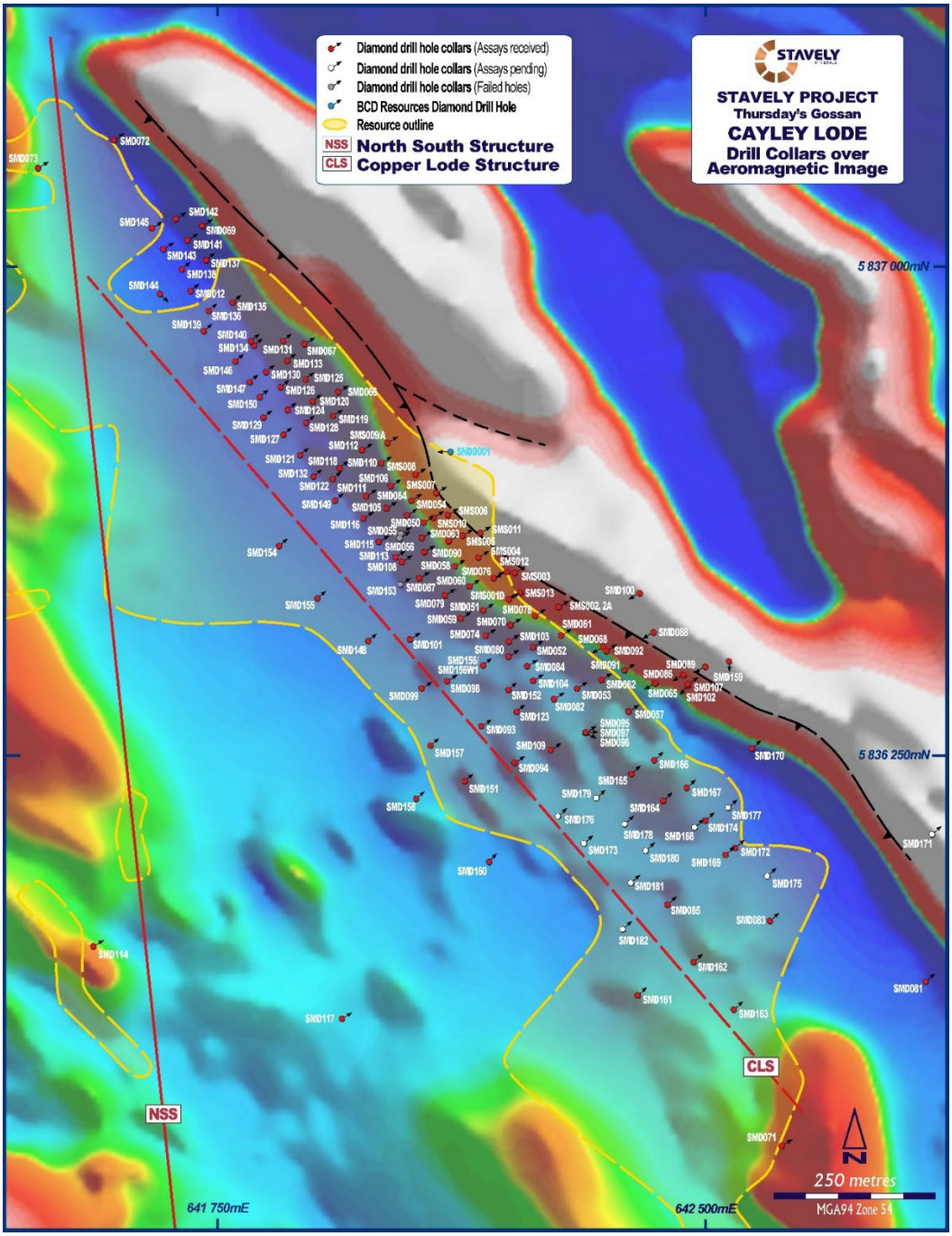

Figure 2. Cayley Lode drill collar locations.

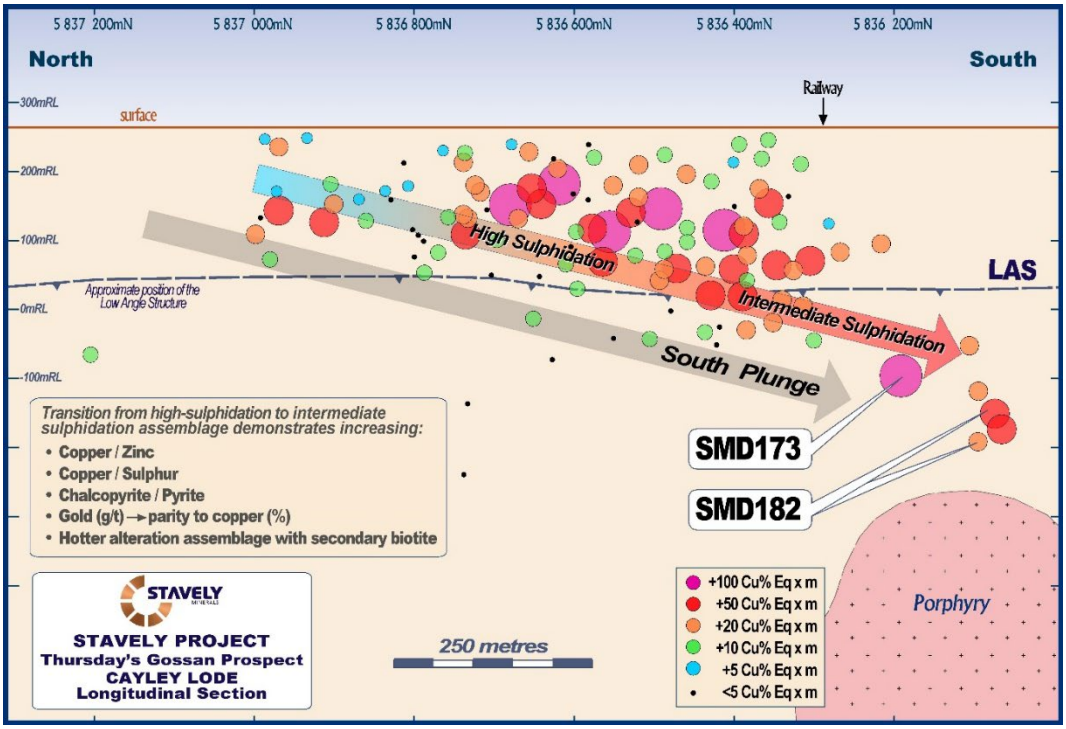

Figure 3. Cayley Lode long-section showing the plunge of mineralisation towards the south-east. The inferred porphyry at depth is shown notionally below the plunge of the Cayley Lode but its size and location is yet to be determined.

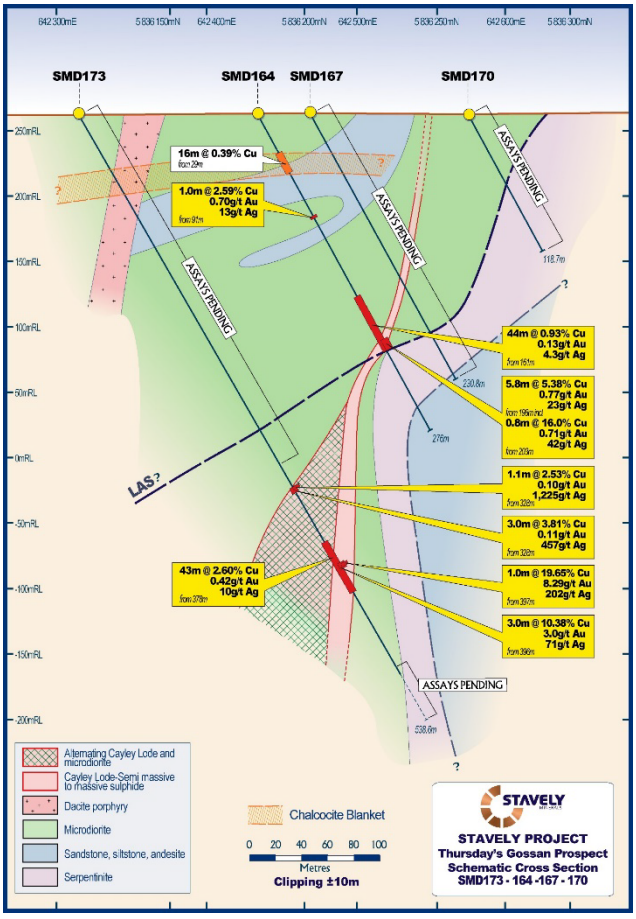

Figure 4. SMD173 drill section.

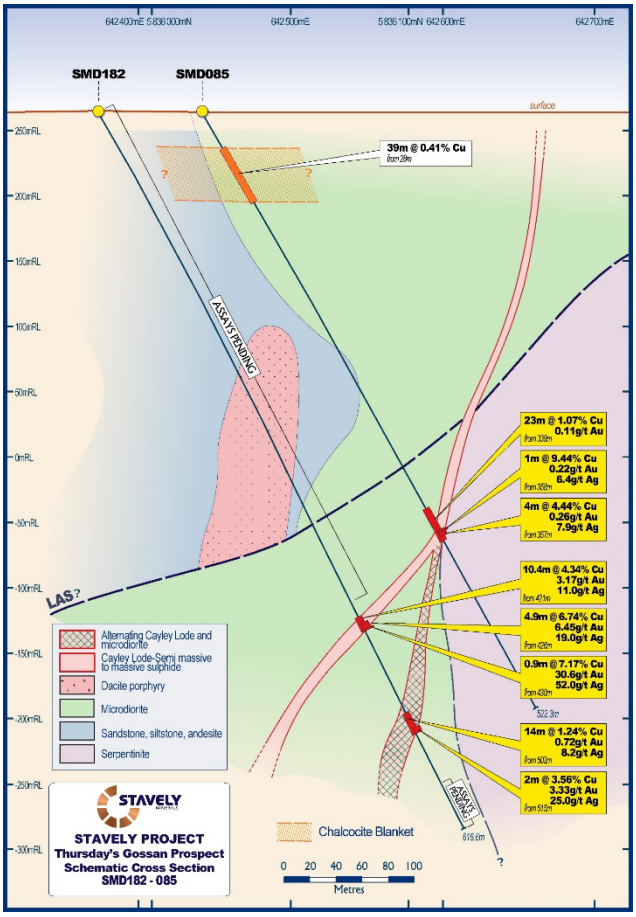

Figure 5. SMD182 drill section.

An initial series of 4 x 800m drill holes have been designed with pierce point spacings approximately 150m apart in a horizontal 'fence' across the south-east plunge of the Cayley lode.

One diamond drill rig is setting up on the drill site while a second rig is expected within days.

Titeline Drilling have agreed to accept the equivalent of ⅓ of the estimated cost ($650,000) of the 4-hole programme in Stavely shares based on the previous 5-day volume-weighted average price (see ASX announcement 17/01/2023).

The Air-core Drill Programme

An extensive air-core drilling programme has commenced designed to test a number of targets including follow-up to anomalous results from last year's reconnaissance air-core programmes (see ASX announcement 4/11/2022, Figure 6) as well as some newly defined targets.

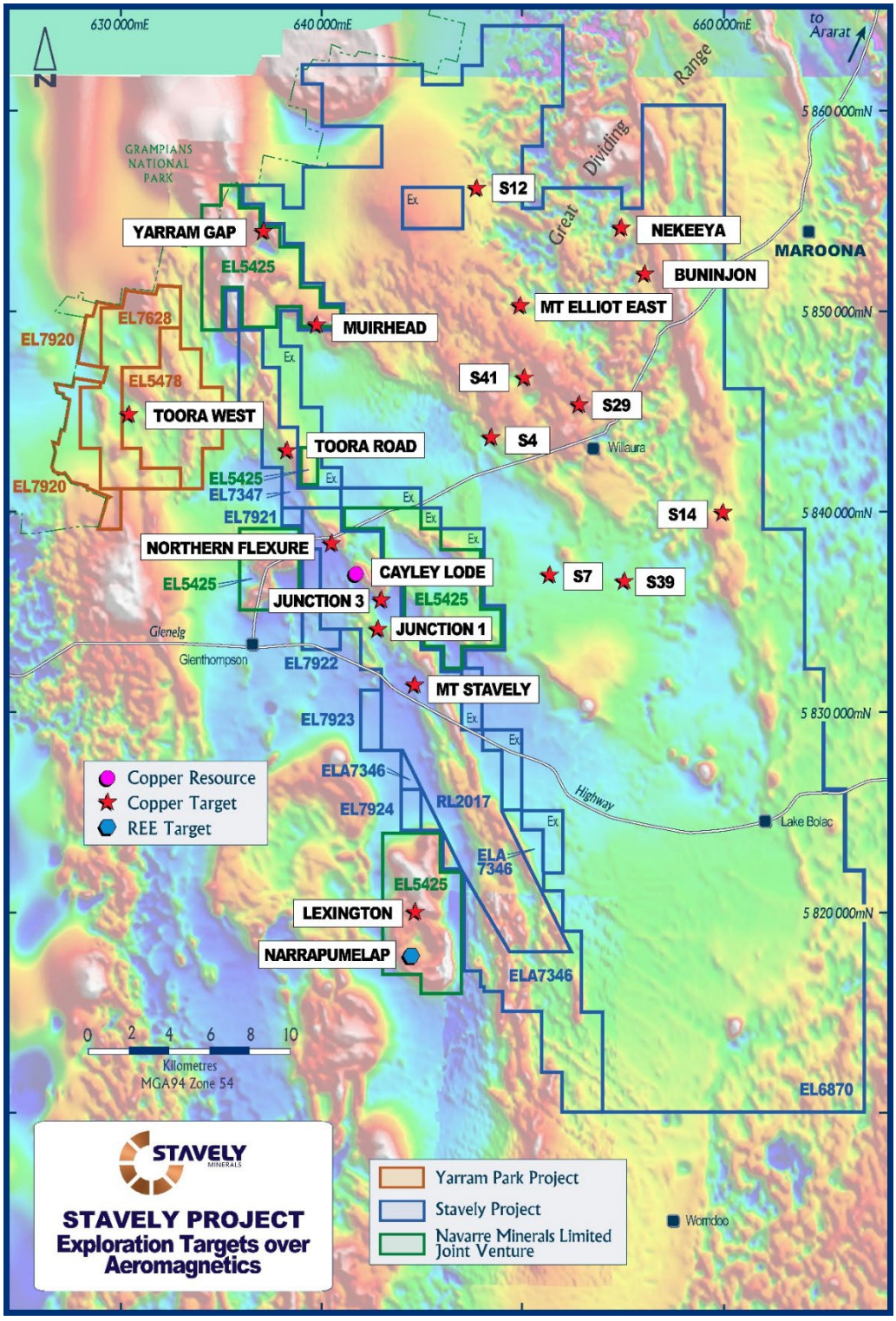

Figure 6. Regional prospect location plan.

Initial drilling has commenced at the Junction 3 target (Figures 6 and 7) and will move later this week to the Narrapumelap REE prospect (Figures 6 and 8) where soil auger sampling had returned anomalous results up to 0.24% TREO+Y (see ASX announcement 4/10/2022).

The Narrapumelap REE anomaly is in the Black Range Joint Venture tenement EL5425 between Stavely Minerals (83% and earning-in) and Navarre Minerals (17% and diluting).

Follow-up air-core testing of several other regional targets will follow (see ASX announcement 4/10/2022).

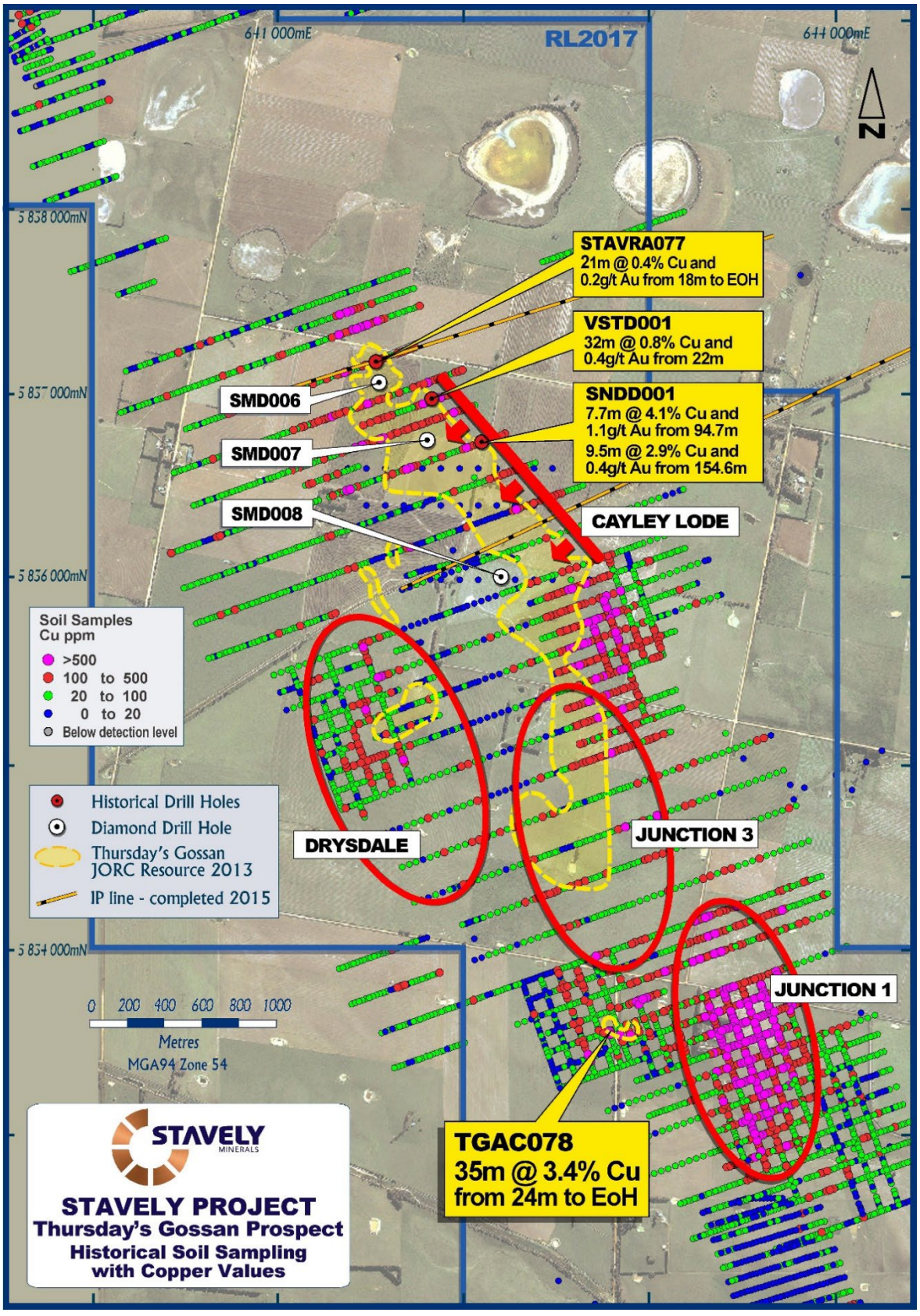

Figure 7. Thursday's Gossan prospect location plan showing the Junction 3 prospect.

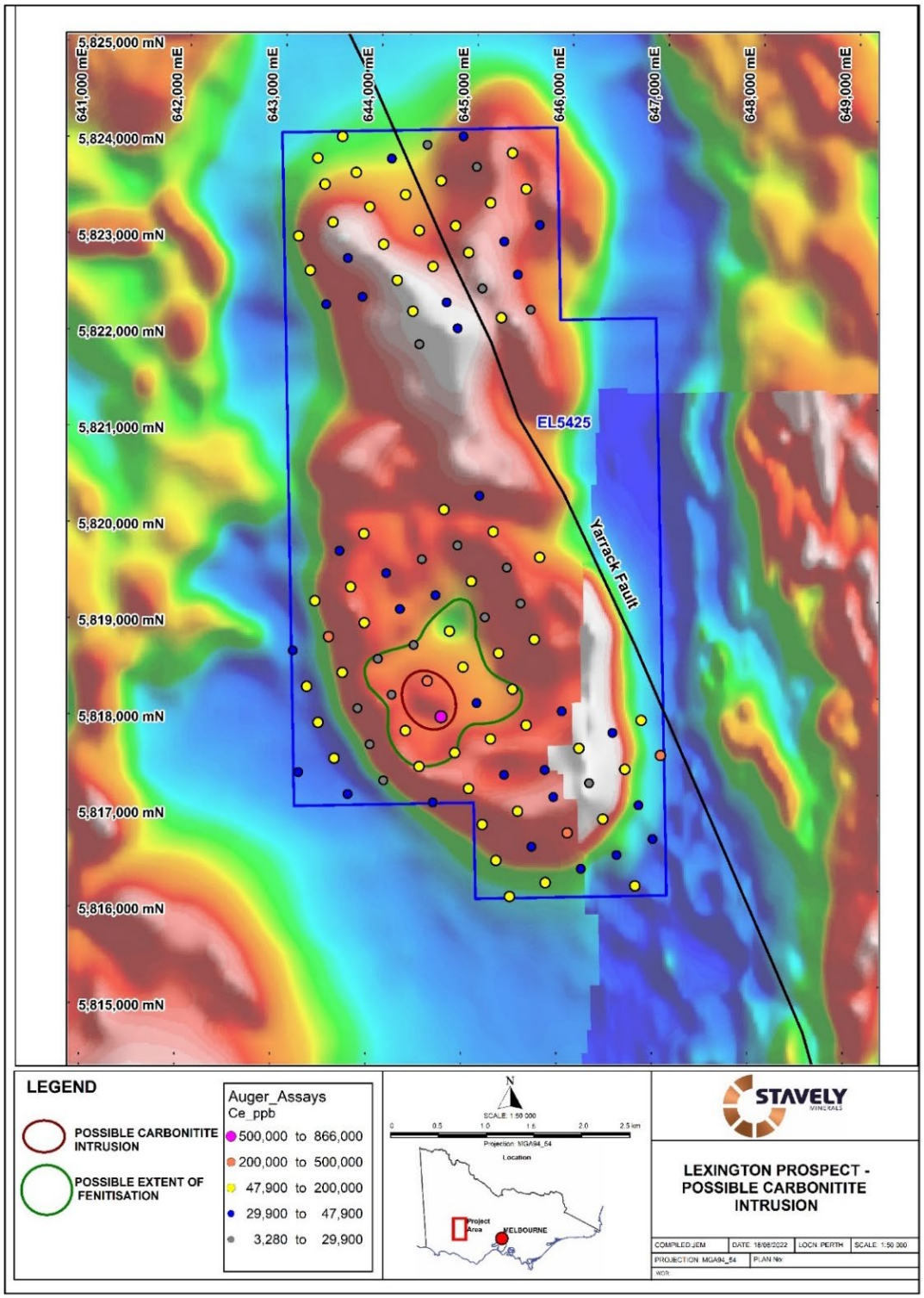

Figure 8. Soil auger sample locations overlaid on magnetics for the Bucheran Diorite with outlines of interpreted possible carbonatite or peralkaline intrusion and possible fenetisation alteration halo at the Narrapumelap Prospect.

Yours sincerely,

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 Fellow of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy. 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 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, Executive Chair and Managing Director.

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