ASX Code: SVY

Issued Shares: 120.2M

Cash Balance: $3.64M

ABN 33 119 826 907

Directors

William Plyley

Chris Cairns

Jennifer Murphy

Peter Ironside

Head Office

Level 1

168 Stirling Highway

Nedlands

Western Australia 6009

T: +61 (8) 9287 7630

E: info@stavely.com.au

W: stavely.com.au

HIGHLIGHTS

Exploration

- Assays confirm copper-moly-silver discovery at 'The Bank' breccia prospect within the Ravenswood Project in north Queensland.
- Assays from the first two diamond drill holes at 'The Bank' indicate the presence of a large copper-moly-silver sulphide mineralised hydrothermal system with results including 6m at 1.31 % copper, 100 ppm molybdenum and 12.4 g/t silver.
- Vein-hosted and breccia-hosted mineralisation has been intersected in all five drill holes completed at 'The Bank'.
- Victorian Government co-funded Induced Polarisation programmes to test the porphyry/intrusive-related target at the Toora West Prospect at the Yarram Park Project and the mesothermal to epithermal gold targets at the Fairview prospect in the Stavely Project commenced in the December Quarter.
- Drill testing of the Toora West porphyry target in western Victoria commenced subsequent to the end of the Quarter.

Corporate

- $3.64M cash on hand as at 31 December 2016.
- $2.00M share placement completed in November 2016.
- $1.53M received from a Share Purchase Plan completed in December 2016.
- $1.35M available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd.
- $1.05M Victorian Government co-funding for drilling and geophysical programmes.

OVERVIEW

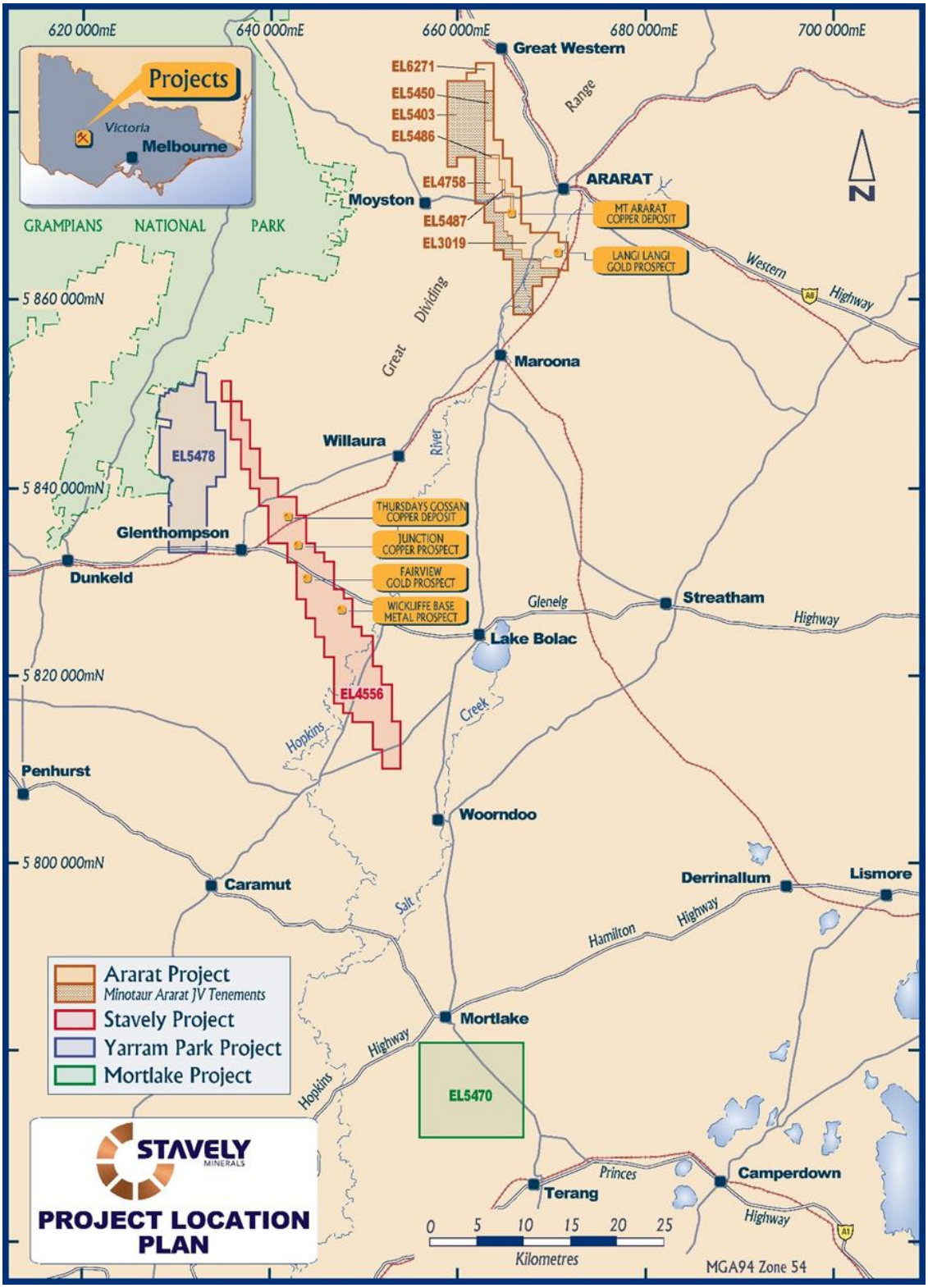

Figure 1. Western Victoria Project Location Plan.

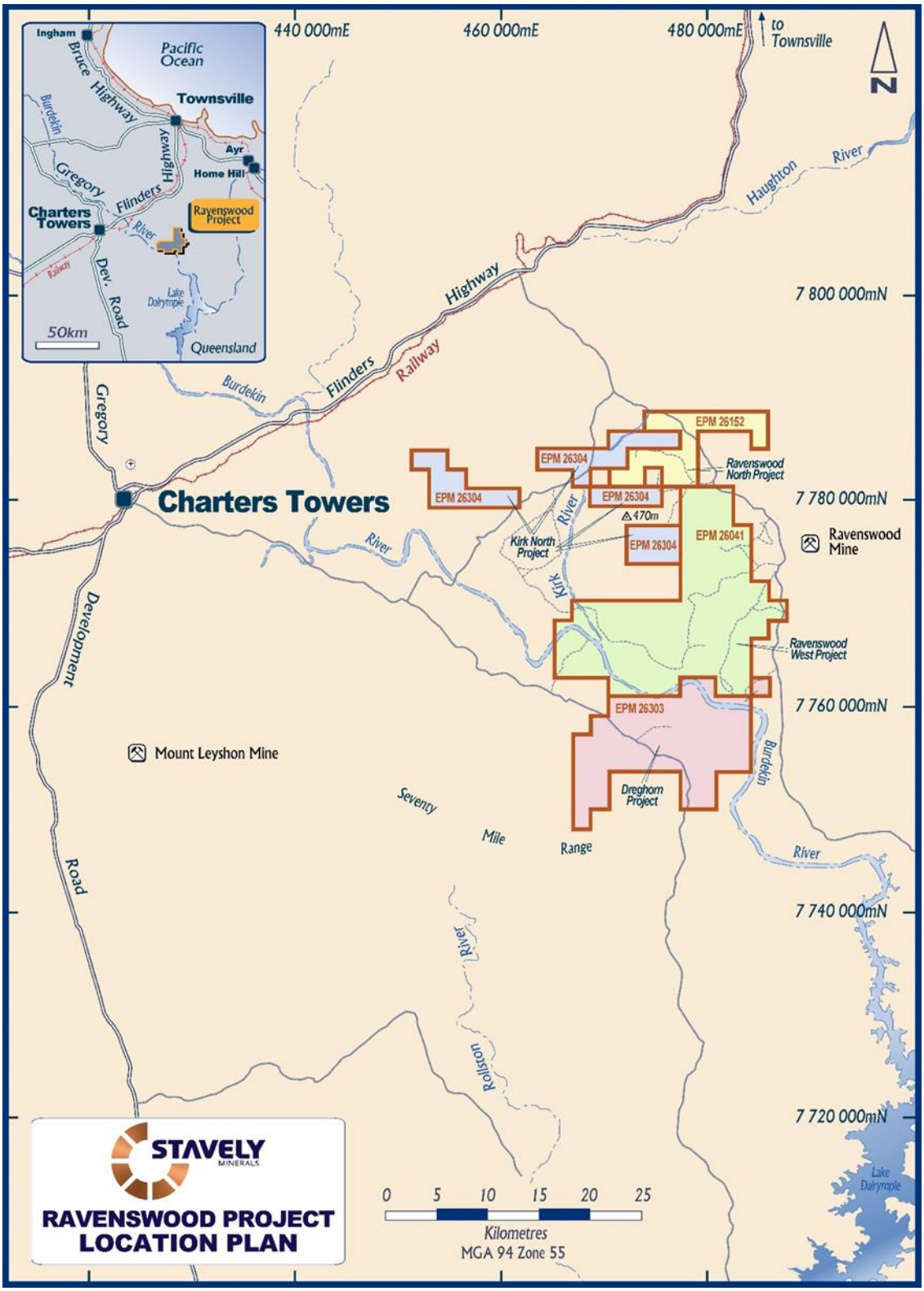

Figure 2. Ravenswood Project Location Plan.

During the Quarter exploration focussed on the Ravenswood Project in Queensland, with five diamond holes being drilled to target 'The Bank' breccia prospect. Assays received to date, from the first two holes drilled, have returned strong results including 6m at 1.31% copper, 100 ppm molybdenum and 12.4 g/t silver. Vein-hosted and breccia-hosted mineralisation has been intersected in all five drill holes and indicates the presence of a very large mineralised hydrothermal system. 'The Bank' breccia displays similarities to the Battle Mountain copper-moly-silver mineralisation in Nevada, USA. 'The Bank' breccia is interpreted to be a sub-volcanic breccia pipe formed by deep-seated explosive fracturing of a column of rock above a porphyry intrusive. Consequently, it is very likely that the observed strong copper-moly-silver mineralisation could persist to significant depth and there may be opportunity to target higher grade and more extensive mineralisation closer to the porphyry source at depth.

The Victorian Government co-funded geophysical surveys commenced during the Quarter. The Induced Polarisation ('IP') survey at the Toora West porphyry copper-gold prospect in the Yarram Park Project was completed during the Quarter and was used to refine the positions of the two diamond drill holes. The diamond drilling at Toora West commenced in early January. The collection of IP data at the Fairview Gold prospect commenced in December and was on-going at the end of the Quarter.

EXPLORATION

Ararat Project (EL4758, EL3019, EL5486, & EL6271/Minotaur JV EL5403 & EL5450)

Planning of additional IP at the Honeysuckle gold prospect was completed during the Quarter. Previous IP data, collected in the June 2016 quarter, over the Curtis Diorite in the Honeysuckle Mine area led to the identification of a number of chargeability features which were considered worthy of follow-up. There are a number of historic mines, including the Honeysuckle Mine, hosted within a late-phase intrusive granite. Field investigations have identified alteration which may indicate the presence of a reasonably sized gold mineralised system, although historic mining focussed upon narrow, high-grade reefs. With the gold being hosted within an intrusive, IP is likely to be effective in identifying sulphides potentially associated with gold mineralisation.

The strongest response was open to the northwest and required further investigation which can be achieved by additional IP coverage to the north.

Stavely Project (EL4556)

Fairview Gold Prospect

During the December Quarter, the IP survey commenced at the Fairview gold prospect, where a 4.8 kilometre long mesothermal to epithermal gold in soils anomaly was originally identified in soil sampling and followed-up with shallow reconnaissance aircore, RC and limited diamond drilling. The drilling conducted by Beaconsfield Gold Mines Pty Limited between 2006 and 2010 returned numerous anomalous gold intercepts, including 2.5m at 17.44 g/t gold, 2m at 16.06 g/t gold and 4m @ 6.69 g/t gold. However, previous drilling has failed to provide a focus for further drilling which could potentially lead to the discovery of a Lake Cowal-style gold deposit.

The IP survey will provide valuable data on which to target future drill programmes, with the chargeability features providing information regarding the location of the sulphides and the resistivity features on the silica alteration and veining.

The IP survey will be completed during the March Quarter.

The results for the rock-chip samples collected as part of the reconnaissance field investigations at the Fairview gold prospect during the September Quarter were received. The rock-chips returned results of up to 1.12 g/t gold and 74.7 g/t silver in brecciated chalcedonic quartz and quartz veining.

Yarram Park Project (EL5478)

Toora West Porphyry Copper-Gold Prospect

The IP survey at Toora West, which was scheduled ahead of the diamond drilling programme, was completed in November. The survey closed-up the line spacing, and significantly improved the constraints along strike and also permitted 3D inversion modelling and improved drill targeting. The recent IP data has been modelled with the previous IP, gravity and magnetic data.

Bedrock geological information is necessary to advance the Project. Consequently two holes have been planned to be collared outside the target feature dipping toward the main chargeability high and the margin of the target feature. Drill holes have been designed to provide the widest possible cross-section of geology across the identified chargeable source and margin of the hypothesized intrusion.

Ravenswood West Project (EPM26041)

During the December Quarter, five diamond holes were drilled for a total of 1,838 metres (Figure 3). Field mapping, rock-chip and soil sampling conducted during the September Quarter at the Ravenswood West Project led to the identification of 'The Bank' breccia-hosted gold prospect. The target is located on EPM26041 approximately 10km from the Ravenswood Gold Mine operated by Resolute Mining Limited (Figure 4). 'The Bank' breccia is interpreted to be a sub-volcanic breccia pipe formed by deep-seated explosive fracturing of a column of rock above a porphyry intrusion (Figure 5). The brecciated column of rock can be in excess of 1km in vertical extent.

Encouraging zones of vein-hosted and breccia-hosted quartz-carbonate-sulphide mineralisation were intersected in all five holes, with geological observations of the surrounding host rock sequence providing strong support for the geological model for 'The Bank' breccia. 'The Bank' breccia displays similarities to the Battle Mountain copper-moly-silver mineralisation in Nevada, USA.

Assay results have been received for the first two holes drilled, with strong copper-moly-silver sulphide mineralisation has been intercepted in drill hole SRD002 (Figure 6) within a broad interval of 22.8 metres at 0.60% copper there are higher grade intervals including:

- 12.4m at 0.95%, 120ppm molybdenum and 8.0 g/t silver, including
- 6.05m at 1.31% copper, 100ppm molybdenum and 12.4 g/t silver

The better developed mineralisation within the breccia complex is hosted within an interpreted tuffisite dyke similar to that at Mt Leyshon. Copper sulphide mineralisation is expressed as chalcopyrite and tennanite/ tetrahedrite + bornite + molybdenite as disseminations, blebs, clots and breccia fracture fill (Photos 1 and 2).

'The Bank' breccia is now confirmed as a large copper-moly-silver hydrothermal system and is likely of Siluro – Devonian age. There is potential for a well mineralised copper-moly-silver porphyry at depth.

SRD002 Intercept table using 0.2% copper cut-off and 5m maximum internal dilution.

Ravenswood Project												
		MGA 94 zone 55					Intercept					
Hole id	Hole Type	East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Mo (ppm)	Ag (g/t)
The Bank Breccia Prospect												
SRD002	DD	480045	7771233	-60/130	250	315	116.90	139.70	22.80	0.60		
						incl.	119.00	131.40	12.40	0.95	120	8.0
							122.95	129.00	6.05	1.31	100	12.4

The assay results for the final three diamond holes drilled at 'The Bank' breccia prospect were pending at the end of the Quarter.

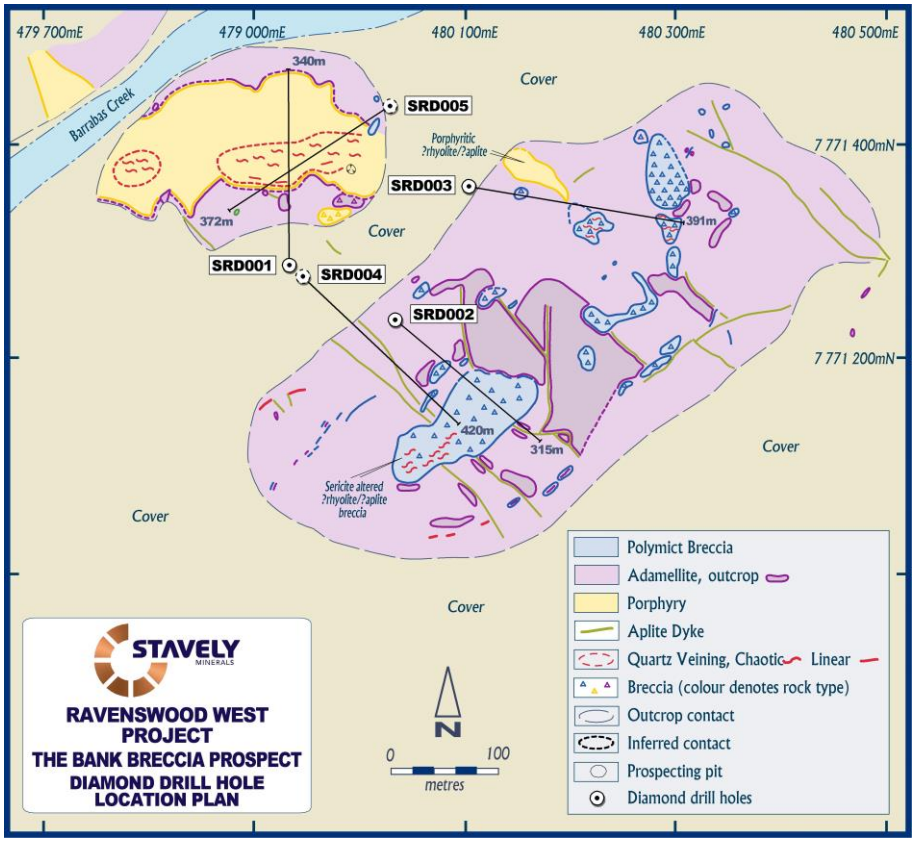

Figure 3. 'The Bank' Breccia Prospect – Diamond Drill Hole Location Plan.

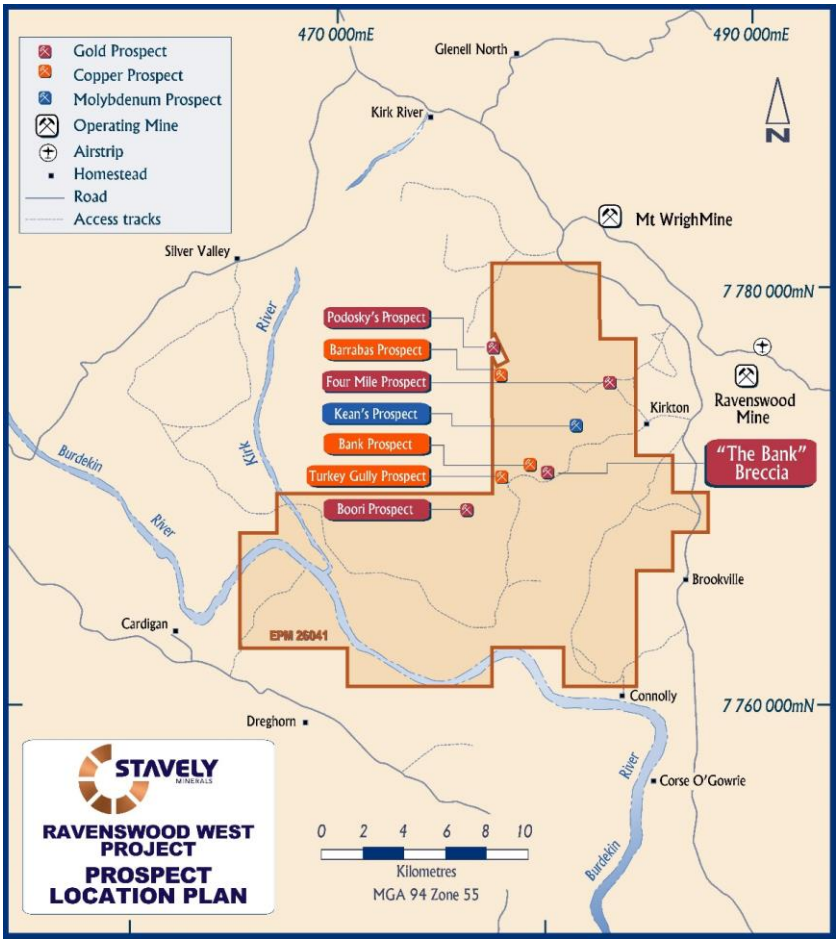

Figure 4. Ravenswood West Project – Prospect Location Plan.

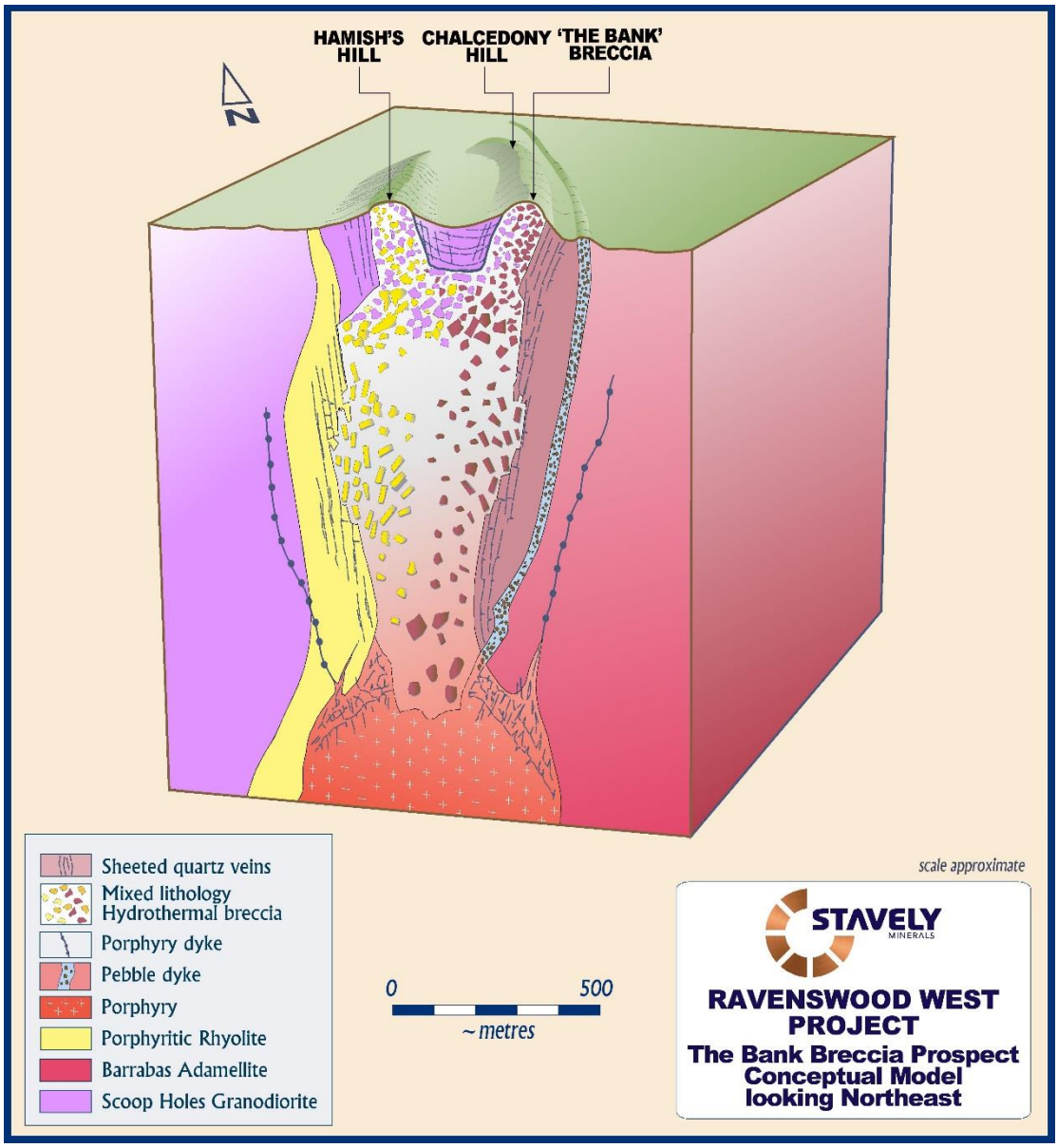

Figure 5. 'The Bank' Breccia Conceptual Model.

Follow-up stream sediment sampling was conducted within the Ravenswood West Project area to find the source of the strong rare earths element anomalism identified in a stream sediment sample taken by BHP Minerals in the mid 1990's. The sample returned results up to 0.25% cerium, 0.14% lanthanum, 768 ppm neodymium, 218 ppm praseodymium and 102 ppm samarium, and other rare earth elements which to date have not been followed up. These 'Lanthanide' light rare earth elements are characteristic of a rare intrusive rock called a carbonatite which globally host the largest and highest grade rare earth deposits (eg. Mt Weld, in Western Australia).

The stream sediment sampling, conducted in the September Quarter, along the Barrabas Creek and its' tributaries returned more anomalous results than the historical samples with up to 0.63% cerium, 0.34% lanthanum, 2270 ppm neodymium, 672 ppm praseodymium and 345 ppm samarium.

During the current Quarter, further stream sediment samples were taken in the tributaries of the Barrabas Creek as well as in the tributaries of the Elphinstone Creek. These samples also returned highly anomalous rare earth element results, with one sample assaying 0.91% cerium, 0.43% lanthanum, 3,130 ppm neodymium, 926 ppm praseodymium and 514 ppm samarium. In addition to the anomalous rare earth assays, a number of samples assayed in excess of 0.1 g/t gold with a peak value of 1.1 g/t gold.

Further sampling of targeted tributaries and geologic reconnaissance is required to identify the source of the rare earth element and gold anomalism.

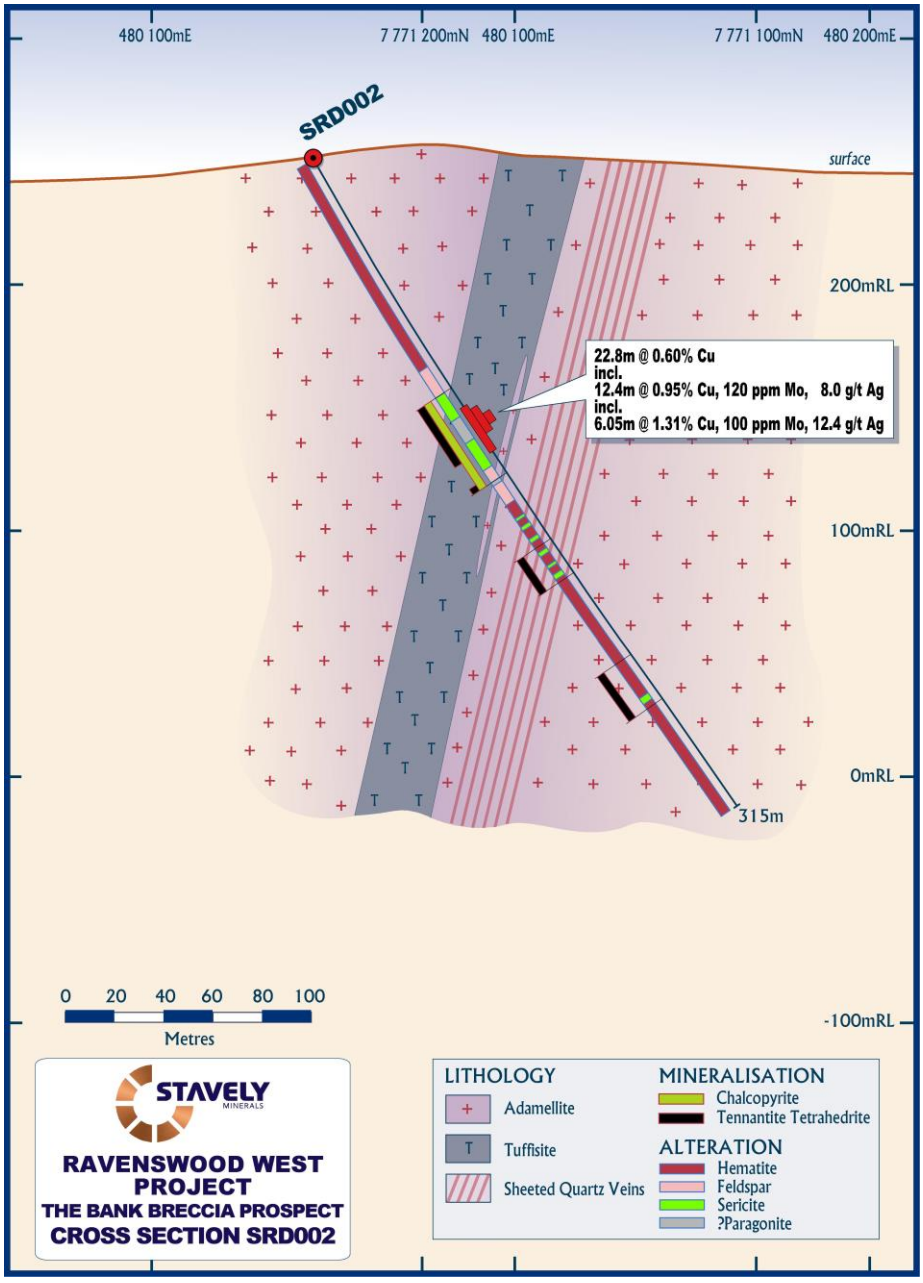

Figure 6. 'The Bank' Breccia Prospect – Cross Section SRD002.

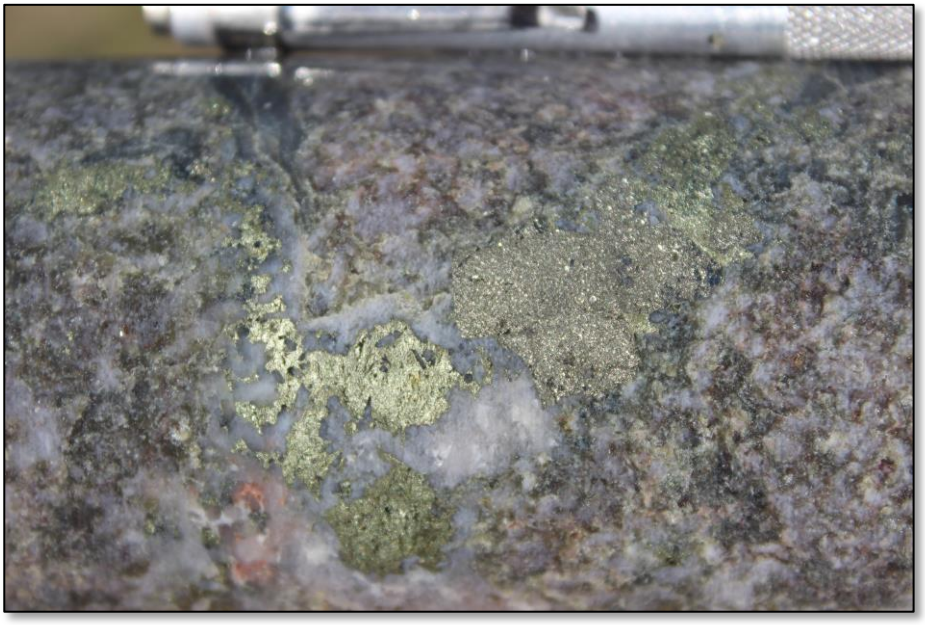

Photo 1. Chalcopyrite-pyrite sulphide mineralisation – SRD002 124.5m.

Photo 2. Chalcopyrite-pyrite mineralisation in tuffisite matrix breccia – SRD002 129m.

Planned Exploration

Ararat Project (EL4758, EL3019, EL5486 and EL6271/Minotaur Exploration JV EL5403 and EL5450)

The planned IP survey at the Honeysuckle gold prospect is scheduled to be conducted during the March Quarter.

Stavely Project (EL4556)

All the planned exploration activities form part of the TARGET co-funding offer received from the Victorian Government. The IP survey at the Fairview North and South gold prospects, which was in progress at the end of the Quarter, will be completed during the March Quarter.

Subject to no significant delays due to fire risk from hot weather in western Victoria resulting in vehicle movement bans, the three diamond drill holes planned at Thursday's Gossan and the one diamond drill hole planned at Mt Stavely have been scheduled for the March Quarter.

Yarram Park Project (EL5478)

The two diamond drill holes planned to target intrusion related copper and gold mineralisation at the Toora West Prospect, will be conducted in January.

CORPORATE

Stavely Minerals had a total of $3.64M cash on hand at the end of December 2016, with a further $1.35M available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd and $1.05M Victorian Government co-funding.

During the Quarter, Stavely Minerals completed a capital raising which was underpinned by a Share Placement of 13.33 million shares at 15 cents per share to sophisticated and institutional investors to raise $2 million before costs. The Share Placement was oversubscribed. In addition, the Company completed a Share Placement Plan (SPP), also at 15 cents to allow existing shareholders to participate in the capital raising on the same terms as the Share Placement. Stavely offered eligible shareholders the opportunity to subscribe for new shares up to a maximum value of $15,000 per eligible shareholder. Applications totalling $1,531,500 were received, and while that total exceeded the target cap of $1.5 million for the SPP, the Board decided to accept all applications without any scale back.

The funds raised through the combined Share Placement and SPP will primarily be used to accelerate drilling programmes in Queensland targeting breccia-hosted gold mineralisation and in western Victoria targeting porphyry copper-gold mineralisation.

The Company presented at the following investor conferences during the Quarter:

8 November 2016 – IMARC Conference Melbourne

ANNOUNCEMENTS

Investors are directed to the following announcements (available at www.stavely.com.au) made by Stavely Minerals during the December 2016 Quarter and subsequently announced for full details of the information summarised in the Quarterly Report.

08/11/2016 - IMARC 2016 Presentation

10/11/2016 - Capital Raising of up to $3.5M to Fast-Track Exploration.

14/11/2016 - Share Purchase Plan – Cleansing Statement.

14/11/2016 - Share Purchase Plan – Offer Document.

28/11/2016 - The Bank Breccia Gold Prospect Drilling Update.

06/12/2016 - Share Purchase Plan Closed Oversubscribed.

10/01/2017 - First Assays Confirm Copper-Moly-Silver Discovery at the Ravenswood Project in North Queensland.

Tenement Portfolio - Victoria

The tenements held by Stavely Minerals as at 31 December 2016 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Mt Ararat	EL 3019	21 December 1989	42
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Yarram Park	EL 5478	26 July 2013	99
Mortlake	EL 5470	17 June 2013	110
Ararat	EL 5486	10 July 2014	1
Ararat	ELA 5487	(21 June 2013)	5
Ararat	EL 6271	21 July 2016	6
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139
Ararat	EL 5403	25 January 2012	68
Ararat	EL 5450	21 February 2013	4

An application was made to the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) to renew exploration licence EL5403.

The Company did not dispose of any tenements during the Quarter.

Tenement Portfolio - Queensland

The tenements held by Ukalunda Pty Ltd as at 31 December 2016 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Ravenswood West	EPM26041	24 May 2016	241
Ravenswood North Application	EPM26152	(15 February 2016)	48
Dreghorn Application	EPM26303	(1 August 2016)	49
Kirk North Application	EPM26304	(1 August 2016)	29

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.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*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.*	**The Bank Breccia Prospect** <u>Surface Sampling</u> Soil sampling and rock chipping was conducted at 'The Bank' breccia prospect at the Ravenswood West Project. The soil samples were taken at either 100m or 200m intervals along lines spaced at 100m apart. The grid co-ordinates for the samples were planned in MapInfo. A handheld GPS was used to navigate to each sample point. A pick was used to obtain an approximate 1 kg soil sample at a depth of between 10cm and 20cm, so as to obtain a sample of the B soil horizon. The sample was then sieved using a coarse mesh (-2mm) sieve to remove organic matter and rock fragments. The sieved sample was placed in a numbered zip-lock bag and subsequently into an alike numbered calico bag. A sample data sheet was filled in at the sample site, which for each sample included the date, grid, sampler names, sample number, RL, soil type, regolith, substrate and comments. Sample preparation was completed by Stavely Minerals' personal. Preparation involved mechanical sieving using a -80 mesh sieve stack to produce an approximately 100g to 150g sample, which was weighed on a digital kitchen scale and was subsequently placed in a corresponding numbered brown paper geochem bag. Damp samples were sun dried prior to sieving. The 100 – 150g -80 mesh samples were submitted to ALS Laboratory in Townsville. The rock-chip samples were also submitted to ALS Laboratory in Townsville. <u>Drilling</u> Half core samples of sulphide bearing intervals (plus 5 metres above and below) of the drill core was sampled and submitted to the laboratory for analysis. Sample intervals were based on lithology but in general were 1m. No intervals less than 0.4m or greater than 1.2m.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or	**The Bank Breccia Prospect** Sample representivity was ensured by a combination of Company Procedures regarding quality controls (QC) and quality assurance/ testing (QA).

Criteria	JORC Code explanation	Commentary
	systems used.	For the drilling, certified standards and blank samples were submitted to the laboratory with the samples. **Bank Porphyry Prospect** Noranda Australia Limited reported in 1968 that the sampling was considered to be fairly representative of the first 100 feet (30.5m).
	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.	No sample preparation is available for the historical drilling stream sediment sampling, or rock chip sampling. **The Bank Breccia Prospect** Soil sampling techniques and drill sampling techniques are considered industry standard for the Ravenswood West work programmes.
Drilling techniques	*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).*	**Bank Porphyry Prospect** In 1967 Asarco Australia drilled 11 Rotary Percussion holes in the prospect for a total of 942 feet (287m) - maximum was 100 feet (30.5m) vertical and sank three shallow pits along the 2000 feet of mineralisation. **The Bank Breccia Prospect** Diamond drilling was conducted at Hamish's Hill (SRD001), and The Bank Breccia (SRD002) used PQ (85mm internal diameter) and HQ (63.5mm internal diameter) drill bits. Diamond drilling was standard tube. Diamond core was orientated by the Reflex ACT III core orientation tool.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** Diamond core recoveries were logged and recorded in the database. Core recoveries for the diamond drill holes at Hamish's Hill (SRD001), and The Bank Breccia (SRD002) are excellent.

Criteria	JORC Code explanation	Commentary
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** Diamond core is reconstructed into continuous runs on an angle iron cradle for orientation markings. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the driller.
	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.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** No analysis has been undertaken as yet regarding whether bias may have occurred due to preferential loss/gain of fine/coarse but is not considered to have a material effect given the competent nature of the drill core.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** 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 such as structure and geotechnical parameters. Magnetic Susceptibility measurements were taken for each 1m diamond core interval.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** All logging is quantitative, based on visual field estimates. Systematic photography of the diamond core in the wet and dry form was completed.
	The total length and percentage of the relevant intersections logged.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** Detailed diamond core logging, with digital capture was conducted for 100% of the core.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** The half core for the HQ diameter was sampled at Terra Search's yard in Townsville, Queensland.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	**Bank Porphyry Prospect** No details are available for the historical drill holes.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** 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.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** Blanks and certified reference materials are submitted with the samples to the laboratory as part of the quality control procedures.
	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.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** No second-half sampling has been conducted at this stage.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	**Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** The sample sizes are considered to be appropriate to correctly represent the sought mineralisation.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	**The Bank Breccia Prospect** <u>Soil and Rock Chip Samples</u> The sieved -80 mesh soil samples and rock chip samples were analysed for gold by Method Au-TL43 and for a range of multi-elements by Method ME-MS61 at Australian Laboratory Services ("ALS") in Townsville, Queensland. No sample preparation was required for the soil samples by the laboratory. The rock chip samples required comminution and pulverisation at the laboratory. Gold by Method Au-TL43, is by aqua regia extraction with ICP-MS finish. Up to a 25g sample is digested in aqua regia, and the acid volume is partially reduced by evaporation. The solution is diluted to volume and mixed thoroughly. Gold content is measured by ICP mass spectrometry. Alternatively, an aliquot is taken, a complexing agent added and the gold complex is extracted into an organic solvent. Gold concentration can be measured by flame AAS using matrix matching standards. The selected multi-elements by Method ME-ICP43 are analysed by using an aliquot of the gold digestion liquor Au-TL43 for simultaneous analysis by ICP Atomic Emission Spectrometry. The determination of gold by aqua regia digest offers very low detection limits, making it an attractive option for soil sampling surveys. Aqua regia effectively dissolves both native gold as well as gold bound in sulphide ore minerals and various oxide minerals. Aqua Regia is a partial digestion method and will not digest silicate minerals present in the sample. The samples were analysed by multielement MS Analysis - Method ME-MS61. A 0.25g sample is pre-digested for 10-15 minutes in a mixture of nitric and perchloric acids, then hydrofluoric acid is added and the mixture is evaporated to dense fumes of perchloric (incipient dryness). The residue is leached in a mixture of nitric and hydrochloric acids, the solution is then cooled and diluted to a final volume of 12.5mls. Elemental concentrations are measured simultaneously by ICP Atomic Emission Spectrometry. This technique approaches total dissolution of most minerals. <u>Drilling</u> The core samples were analysed by multielement

Criteria	JORC Code explanation	Commentary
		ICPAES Analysis – Method ME-ICP61. A 0.25g sample is pre-digested for 10-15 minutes in a minutes in a mixture of nitric and perchloric acids, then hydrofluoric acid is added and the mixture is evaporated to dense fumes of perchloric (incipient dryness). The residue is leached in a mixture of nitic and hydrochloric acids, the solution is then cooled and diluted to a final volume of 12.5mls. Elemental concentrations are measured simultaneously by ICP Atomic Emission Spectrometry. This technique approaches total dissolution of most minerals and is considered an appropriate assay method for vein-hosted and breccia hosted sulphide mineralisation. The core samples were also analysed for gold using Method Au-AA23. Up to a 30g sample is fused at approximately 1100^{0}C with alkaline flues including lead oxide. During the fusion process lead oxide is reduced to molten lead which acts as a collector for gold. When the fused mass is cooled the lead separates from the impurities (slag) and is placed in a cupel in a furnace at approximately 900^{o}C. The lead oxidizes to lead oxide, being absorbed by the cupel, leaving a bead (prill) of gold, silver (which is added as a collector) and other precious metals. The prill is dissolved in aqua regia with a reduced final volume. Gold content is determined by flame AAS using matrix matched standards. For samples which are difficult to fuse a reduced charge may be used to yield full recovery of gold. This technique approaches total dissolution of most minerals and is considered an appropriate assay method for detecting gold mineralisation. **Bank Porphyry Prospect** No details are available for the historical drill holes. **Historical Stream Sediment Sampling** BHP Exploration -2mm stream sediment samples were analysed for Au by active cyanide solvent extraction, carbon rod finish. This is a partial extraction technique. The -80# stream sediment samples were analysed for a range of base-metal, indicator and rare-earth elements including Ag, As, Cu, Fe, Mn, Mo, Pb, Zn, P, Cd, V and Zr using aqua-regia/ perchloric digestion and ICPOES determination with Th, Ce, Dy, Er, Eu, Gd, Ho, La, Nd, Pr, Sm, Tb, Tm and Yb analysed using aqua-regia/perchloric/hydrofluoric digestion and ICPOES determination. **Historical Rock-chip Sampling** BHP Exploration's rock chip samples were analysed using an aqua-regia digestion and AAS determination for Au

Criteria	JORC Code explanation	Commentary
		(0.001), Cu (0.5), Pb (0.5), Zn (0.5), Ag (0.1), As (5), Mo (1), Bi (1) and Sb (2) – ppm detection limit in brackets.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	N/A
	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.	**The Bank Breccia Prospect** <u>Soil and Rock chip Samples</u> The analytical laboratory provide their own routine quality controls within their own practices. The results from their internal validations were provided to Stavely Minerals. <u>Drilling</u> Laboratory QAQC involved the submission of standards and blanks. For each 20 samples, either a Certified Reference Material (CRM) standard or a blank was submitted. The analytical laboratory also provide their own routine quality controls within their own practices. The results from their own validations were provided to Stavely Minerals. Results from the CRM standards and the blanks gives confidence in the accuracy and precision of the assay data returned from ALS. **Bank Prospect** No details are available for the historical drill holes.

Criteria	JORC Code explanation	Commentary
		Historical Stream Sediment Sampling No quality control is available for the BHP Exploration stream sediment sampling programme assay data. **Historical Rock-chip Sampling** No quality control is available for the BHP Exploration rock-chip sampling programme assay data.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Stavely Minerals' Managing Director has visually verified significant intersections in the core at Hamish's Hill, The Bank Breccia and Chalcedony Hill.
	The use of twinned holes.	**Bank Porphyry Prospect** No holes twinned. **The Bank Breccia Prospect** No twinned holes have been drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	**The Bank Breccia Prospect** <u>Soil and Rock chip sampling</u> Primary data was collected for soil sample and rock chip samples using a paper sample sheet. The sampling data was subsequently entered into an excel spreadsheet. The information was then sent to a database consultant for validation and compilation into a SQL database. <u>Drilling</u> 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. **Bank Porphyry Prospect** No details are available for the historical drill holes.
	Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data used in this report.
Location of data points	*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.*	**The Bank Breccia Prospect** NA **Bank Porphyry Prospect** No details are available for the historical drill holes. **The Bank Breccia Prospect** Drill collar locations were pegged before drilling and surveyed using a Garmin handheld GPS to accuracy of +/- 3m. Collar surveying was performed by Stavely Minerals'

Criteria	JORC Code explanation	Commentary
		personnel. This is considered appropriate at this early stage of exploration. The diamond holes down-hole single shot surveys were conducted by the drilling contractor. Surveys were conducted at approximately every 30m down-hole.
	Specification of the grid system used.	**The Bank Breccia Prospect** The grid system used by Stavely Minerals is GDA94, zone 54. Locations in previous exploration by BHP were in AMG84. **Bank Porphyry Prospect** No details are available for the historical drill holes.
	Quality and adequacy of topographic control.	**The Bank Breccia Prospect** The RL was recorded for each soil sample location, rock chip location and drill hole collar from the GPS. Accuracy of the GPS is considered to be within 5m. **Bank Porphyry Prospect** No details are available for the historical drill holes.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	**The Bank Breccia Prospect** <u>Soil Sampling</u> The soil spacing is shown in the figures in the text. Nominally 100m x 100m. <u>Drilling</u> Variable drill hole spacings were used to test targets which were determined from geochemical, geophysical and geological data.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Drilling reported in this announcement is of an early greenfields exploration nature and has not been used to estimate any mineral resources or ore reserves.
	Whether sample compositing has been applied.	**The Bank Breccia Prospect** Sample intervals were based on lithology but in general were 1m. No intervals were less than 0.4m or greater than 1.2m. **Bank Porphyry Prospect** No details are available for the historical drill holes.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	**The Bank Breccia Prospect** Soil Sampling The soil sampling grid was not orientated (100m by 100m sampling) and is considered to have achieved unbiased sampling. Drilling At Hamish's Hill, diamond drill hole SRD001 was orientated at -60^{o} towards 353^{o} magnetic azimuth to intercept the breccia. The hole was positioned to test at depth rock chip samples which returned up to 0.5 g/t Au, 28.5 g/t Ag and 7740 ppm Pb, which are coincident with a Au-Ag-Sb-As-Cu soil anomaly. Information obtained from SRD002 into the Bank Breccia would suggest that the breccia dips to the north west and that SARD001 may have been drilled beneath and sub-parallel to the mineralisation. At the Bank Breccia, diamond drill hole SRD002 was oriented at -60^{o} towards 130^{o} magnetic azimuth to intercept the breccia. The hole was positioned to test at depth rock chip samples which returned up to 0.25 g/t Au and 45.7 g/t Ag, which are coincident with a Ag-Sb-As-Cu-Bi soil anomaly. Logging of the drill hole would indicate that the breccia dips to the north west and that the mineralisation was intersected perpendicularly. **Bank Porphyry Prospect** No details are available for the historical drill holes.
	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.	**Bank Porphyry Prospect** There is insufficient drilling data to date to demonstrate continuity of mineralised domains and determine if any orientation sampling bias can be identified in the data. **The Bank Breccia Prospect** There is insufficient drilling data to date to demonstrate continuity of mineralised domains and determine if any orientation sampling bias can be identified in the data.
Sample security	*The measures taken to ensure sample security.*	No available data to assess security for the historical drilling, stream sediment or rock-chip sampling. **The Bank Breccia Prospect** Soil and rock chip samples The brown paper geochem sample bags containing the

Criteria	JORC Code explanation	Commentary
		sieved soil samples were packaged in a sealed cardboard box for hand delivery to ALS in Townsville, Queensland. The rock chip samples in numbered calico sample bags in a poly-weave bag were delivered by hand to ALS in Townsville, Queensland. Approximately 10 calico sample bags per poly-weave bag. At the laboratory the samples are stored in a locked yard before being processed and tracked through preparation and analysis. <u>Drilling</u> Samples were hand delivered in closed poly-weave bags by Terra Search contractors to the ALS laboratory in Townsville. At the laboratory the samples are stored in a locked yard before being processed and tracked through preparation and analysis.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews of the data management system has been carried out.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	EPM26041 was granted to Ukalunda Pty Ltd on the 24th May 2016. Ukalunda Pty Ltd is a wholly owned subsidiary of Stavely Minerals Limited. EPM26041 is located 10km south west of Ravenswood in north Queensland. The Mingela-Ravenswood-Burdekin Dam road passes down the eastern boundary of the tenement. The Burdekin River parallels the southern boundary of EPM26041. The Podosky's prospect is located on excised mining lease ML 10315 which is held by Kitchener Mining NL, which is owned by Haoma Mining NL. EPM26041 is subject to the Birriah People Native Title Grant.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	EPM26041 was granted on the 24th May 2016 and is due to expire on the 23rd May 2021.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	There has been almost continuous exploration activity in the Ravenswood area including the area of EPM26041, since the mid-1960's. Initially activities were focused on Cu_Mo exploration and then from the early 1980's for Au. Exploration companies active in the area included North Broken Hill, New Consolidated Goldfields, Norranda, Planet, Kennecott, Geopeko, ESSO, Newmont, Poseidon Exploration, Placer Exploration, BHP Minerals, Aurora and more recently Carpentaria. Historical exploration activities have been mainly regional in nature with multiple drainage surveys including – 80# stream sediment and BLEG sampling programmes. Four prospects within EPM26041 have had detailed follow-up exploration – Boori, The Bank, Keane's and Gargarin. Some shallow drilling has been done and results indicate narrow zones of sub-economic mineralisation e.g. Keane's prospect returned multiple zones of <20cm width at +0.5%Mo with the widest intersection in hole R3 of 15m at 0.26% Mo. At the Podosky's prospect exploration was conducted by Haoma Mining NL in 2003 and 2004. RC drilling was conducted as well as a review of an earlier IP geophysical survey. In 2003 Haoma completed a resource model on the Podosky's prospect and estimated 50,903t at 4.95 g/t gold. Apart from a regional soil sampling and rock chipping survey conducted by Carpenteria Gold no other detailed exploration has been undertaken at The Bank Breccia

Criteria	JORC Code explanation	Commentary
		prospect.
Geology	*Deposit type, geological setting and style of mineralisation.*	The dominant rock types within EPM26041 are typically I-type calcic hornblende-biotite granodiorite to tonalite of the Ravenswood Batholith of Middle Silurian to Middle Devonian age. A major structure, the Mosgardies Shear Zone, cuts east-west through the Ravenswood Batholith adjacent to three gold centres. The shear zone is up to 2.5km wide. The main reef at Ravenswood, the "Buck Reef", is contained within the Mosgardies Shear Zone. The Bank Breccia pipe is considered to be analogous with the Mt Wright Gold Mine (~1Moz) and the Welcome breccia pipe (210koz). The Mt Wright breccia complex comprises granite, polymict and rhyolite breccias, as well as rhyolite and tuffsite intrusives, and is approximately 350m in diameter, and at least 1200m deep. The complex is positioned near the contact between the Ordovician Millaroo Granite and Glenell Granodiorite of the Ravenswood Batholith. The main rhyolite body/spine (which hosts the bulk of the mineralisation) is texturally complex, but generally evolves from massive at depth and/or in the core of the spine, to flow banded, and (auto) brecciated variations with decreasing depth and/or proximity to the margins. Most of the gold occurs with marcasite, pyrite and minor pyrrhotite mineralisation as breccia and vug fill, veins and disseminations. . This broadly grades into carbonate-sphalerite-galena-chalcopyrite mineralisation, and decreasing gold, towards the surface and also laterally away from the rhyolite. The Welcome deposit is hosted within the Ordovician Mingela Granodiorite of the Ravenswood batholith, with numerous NNE trending micro-granodiorite (porphyry) to diorite dykes, also of an Ordovician age in the area. The breccia is a well-defined pipe, approximately 20m by 50m across and dips steeply at between 75^{o} and 85^{o} to the NE. Clasts are predominantly granodiorite, with minor micro-granodiorite, andesite and rarely rhyolite. A vein array extends up to 30m beyond the edge of the breccia and includes proximal quartz-carbonate-sulphide shear and sheeted (tension) veins and distal chlorite-carbonate shear veins. Gold mineralisation is hosted within both the breccia and in the adjacent vein array, and is associated with quartz-carbonate-pyrite-sphalerite +/- chalcopyrite-galena.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the*	**Bank Breccia Prospect** A table of all drill hole significant exploration results are provided for Hamish's Hill, The Bank Breccia and

Criteria	JORC Code explanation	Commentary
	following information for all Material drill holes: ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	Chalcedony Hill prospects in the body of the text. The table includes:- • Collar coordinates in GDA94 Zone 55, • RL, • Dip and Azimuth of hole • Total hole depth, • Length weighted average grade for Au g/t, Ag g/t, Cu % and Mo ppm. **Bank Porphyry Prospect** No details are available for the historical drill holes.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	No available material drill hole information has been excluded.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	**Bank Breccia Prospect** Exploration results are nominally reported where copper results are greater than 0.2% Cu, significant intersections have a minimum down-hole width of 5 metres, internal dilution of up to 4 metres has been incorporated to allow continuity of significant intercepts while additional intervals may be included if they are considered to form part of the overall mineralised zone. No top-cutting of high grade assay results has been applied, nor was it deemed necessary for the reporting of significant intersections. **Bank Porphyry Prospect** No details are available for the historical drill holes.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be	**Bank Breccia Prospect** In reporting exploration results, length weighted averages are used for any non-uniform intersection sample lengths. Length weighted average is (sum product of interval x corresponding interval grade %) divided by sum of interval length.

Criteria	JORC Code explanation	Commentary
	shown in detail.	
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used for reporting exploration results.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	**Bank Breccia Prospect** There is insufficient drilling data to date to demonstrate continuity of mineralised domains and determine the relationship between mineralisation widths and intercept lengths. Mineralisation results are reported as "down hole" intervals as true widths are not yet known. **Bank Porphyry Prospect** There is insufficient drilling data to date to demonstrate continuity of mineralised domains and determine the relationship between mineralisation widths and intercept lengths.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	**Bank Breccia Prospect** Mineralisation results are reported as "down hole" intervals as true widths are not yet known. **Bank Porphyry Prospect** No details are available for the historical drill holes.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures in body of text.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All drill hole results received have been reported in this announcement. No holes are omitted for which complete results have been received.
Other substantive exploration	*Other exploration data, if meaningful and material, should be reported including*	All relevant exploration data is shown on figures and discussed in the text.

Criteria	JORC Code explanation	Commentary
data	*(but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	**The Bank Breccia** Drill results for SRD003, SRD004 and SARD005 are still pending. Subject to an assessment of all the assay results and geology from the recently completed diamond drilling programme further drilling may be warranted.