

Stavely Generates Outstanding Porphyry Drill Target at Toora West, Western Victoria

Very large and very strong IP chargeability anomaly of up to 50mV/V identified south of previous drilling – petrology on previous drill holes confirms porphyry-style alteration

Highlights

- Significant new drill target identified at the Toora West prospect, located ~800m to the south of the first two diamond drill holes drilled by Stavely in early 2017.
- The maiden drilling programme successfully confirmed the existence of a ‘blind’ intrusive complex compositionally and texturally consistent with a porphyry copper-gold environment.
- Additional Induced Polarisation (IP) geophysical programmes undertaken in recent months have now identified a very large and very strong IP chargeability anomaly.
- Petrographic analysis of core from Stavely’s maiden diamond drilling programme has identified an early potassic (biotite / K-spar) alteration and later propylitic (chlorite) alteration overprint. This alteration is interpreted to be consistent with a distal porphyry setting.
- Collectively, these attributes provide a compelling porphyry copper-gold discovery opportunity, requiring drill testing as a Priority 1 drill target.
- Toora West is part of Stavely’s 100%-owned Yarram Park Project, located near its flagship Stavely Project where it recently announced a significant breakthrough in drilling targeting a major porphyry discovery at Thursday’s Gossan (ASX, 3 July).

Stavely Minerals Limited (ASX Code: **SVY** – “Stavely Minerals”) is pleased to advise that it has generated a Priority 1 drill target at the Toora West porphyry prospect, part of its 100%-owned **Yarram Park Project** in western Victoria (Figure 1).

Stavely Minerals’ maiden drilling programme at Toora West earlier this year confirmed the existence of a previously un-known ‘blind’ intrusive complex, considered to be the correct composition to host a porphyry copper ± gold deposit.

The intrusive phases intersected in the drilling hosted both early and later porphyry-style alteration, albeit likely distal to a potentially mineralised copper ± gold porphyry. More recently, IP geophysics has identified a very large and very strong chargeability anomaly located approximately 800m to the south of the maiden drill hole locations.

There is strong potential that this chargeability anomaly may be caused by disseminated sulphides associated with copper-gold mineralisation. This is now considered a Priority 1 drill target for the Company, which is being prepared for drill testing later in the year when the winter rains ease.

The maiden 2-hole diamond drilling programme completed at Toora West in early 2017 was undertaken with co-funding assistance from the Victorian Government’s TARGET exploration initiative.

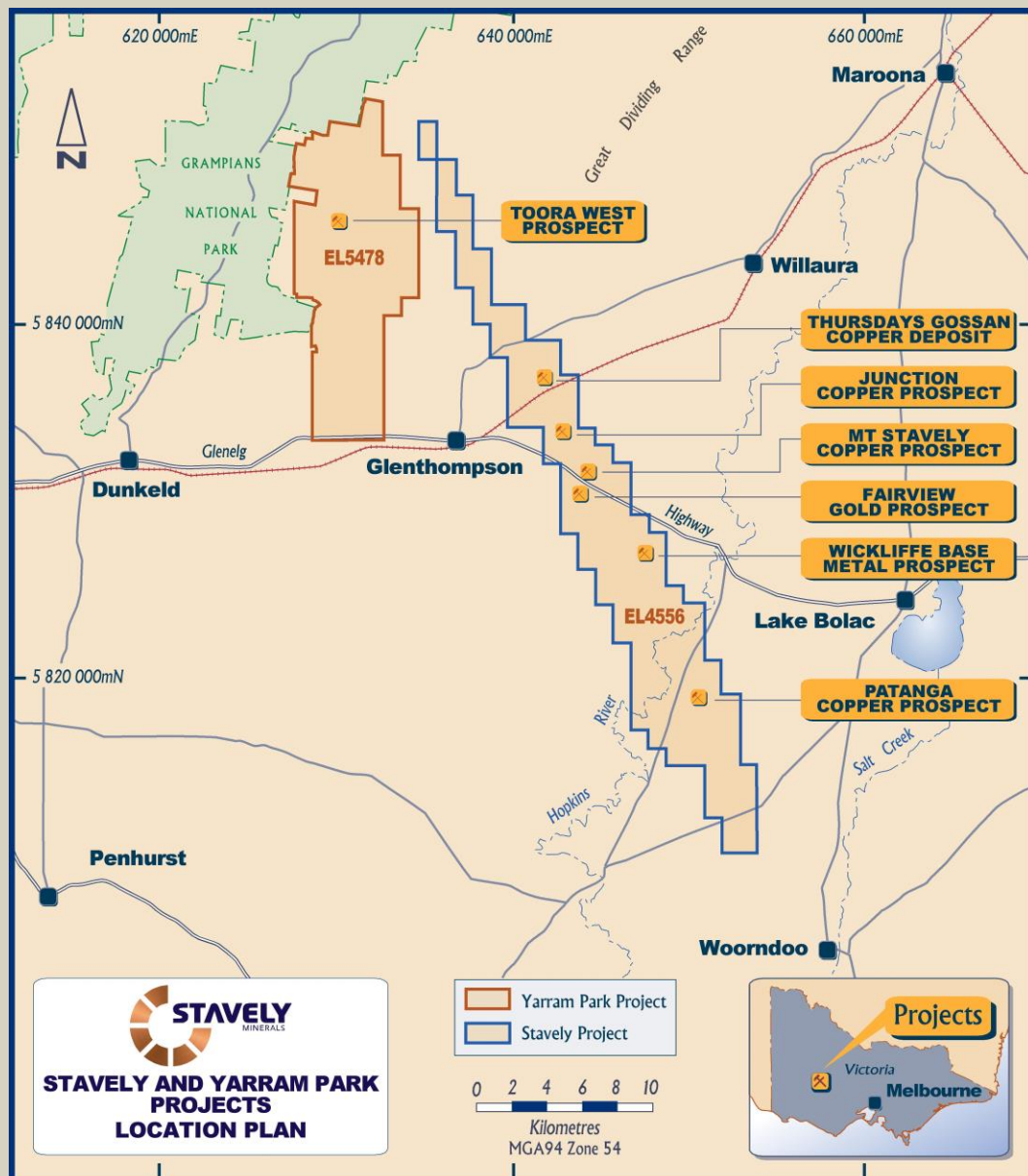


Figure 1. Yarram Park Project prospect location plan.

The prospect area is completely overlain by younger Tertiary transported cover and the targeting was directed by interpretation of magnetic, gravity and induced polarisation (IP) geophysical data (Figure 2). The two drill holes successfully confirmed the existence of a 'blind' intrusive complex consistent with a porphyry copper-gold environment.

Petrographic description of the intrusive units intersected in the drilling indicates that, texturally and compositionally, they are typical of those found in some low-K calc-alkaline porphyry copper-gold systems.

Further, the petrographic description of the intrusive and metamorphic units describes a widespread weak-to-moderate early and hot potassic alteration, expressed as biotite and K-spar alteration of mafic minerals and K-spar alteration of plagioclase feldspars. Also noted is a later moderate propylitic alteration overprint expressed as a chlorite alteration of mafic minerals.

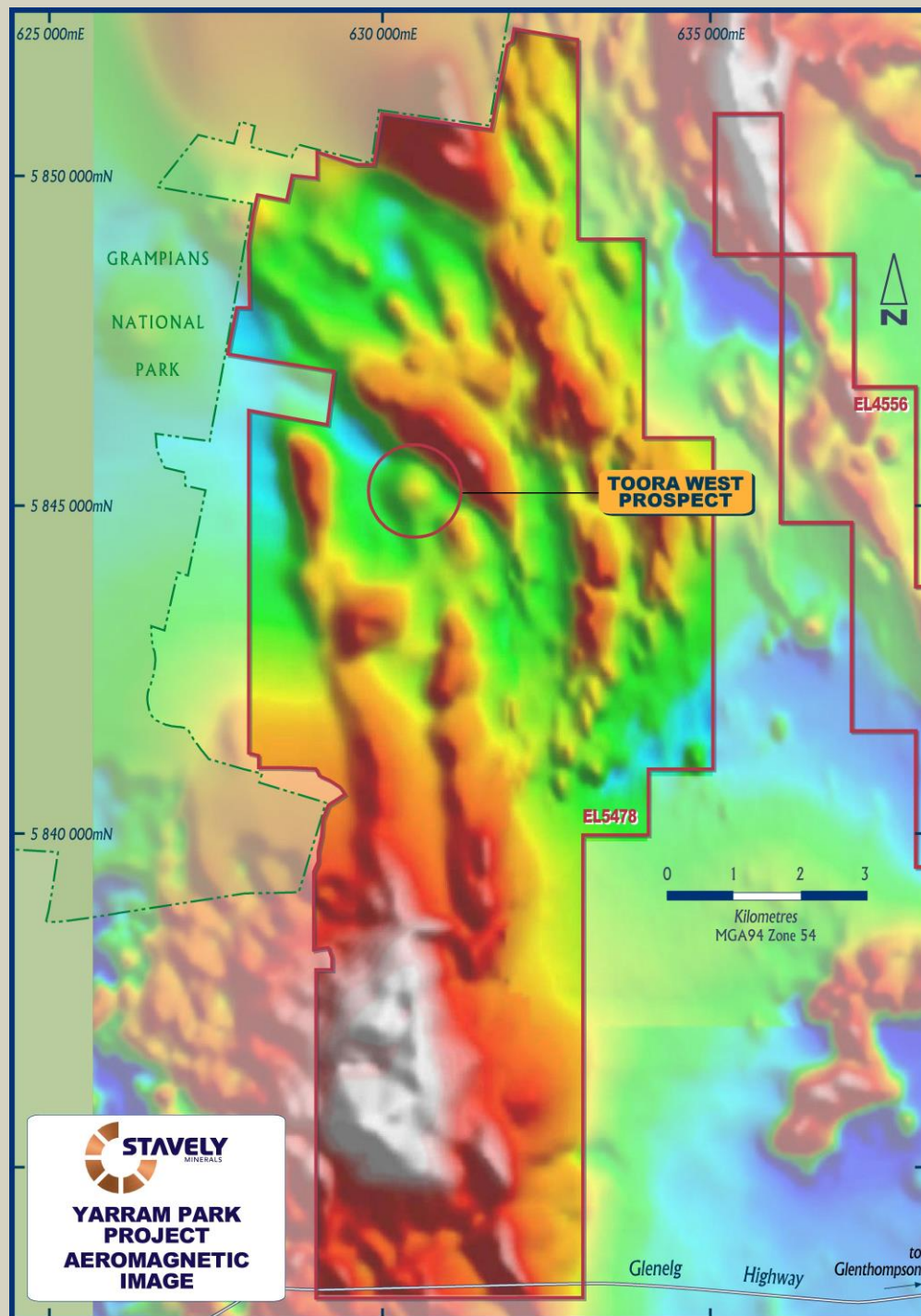


Figure 2. Yarram Park Project prospect location plan overlaid on magnetics.

These observations are consistent with the initial diamond drill holes having been drilled in a location potentially distal to a mineralised copper \pm gold porphyry source.

Subsequent to the diamond drilling campaign, Stavely Minerals expanded the 2016 IP geophysical programme by extending existing lines to the south-west and with two additional 400m spaced lines to the south. Using this additional IP data, Stavely Minerals' geophysical consultants, Newexco Services Pty Ltd, have identified a very large and very strong IP chargeability anomaly with the 50mV/V anomaly being some 500m in diameter and the 20mV/V anomaly being in excess of 1km in diameter in an NW/SE orientation (Figure 3).

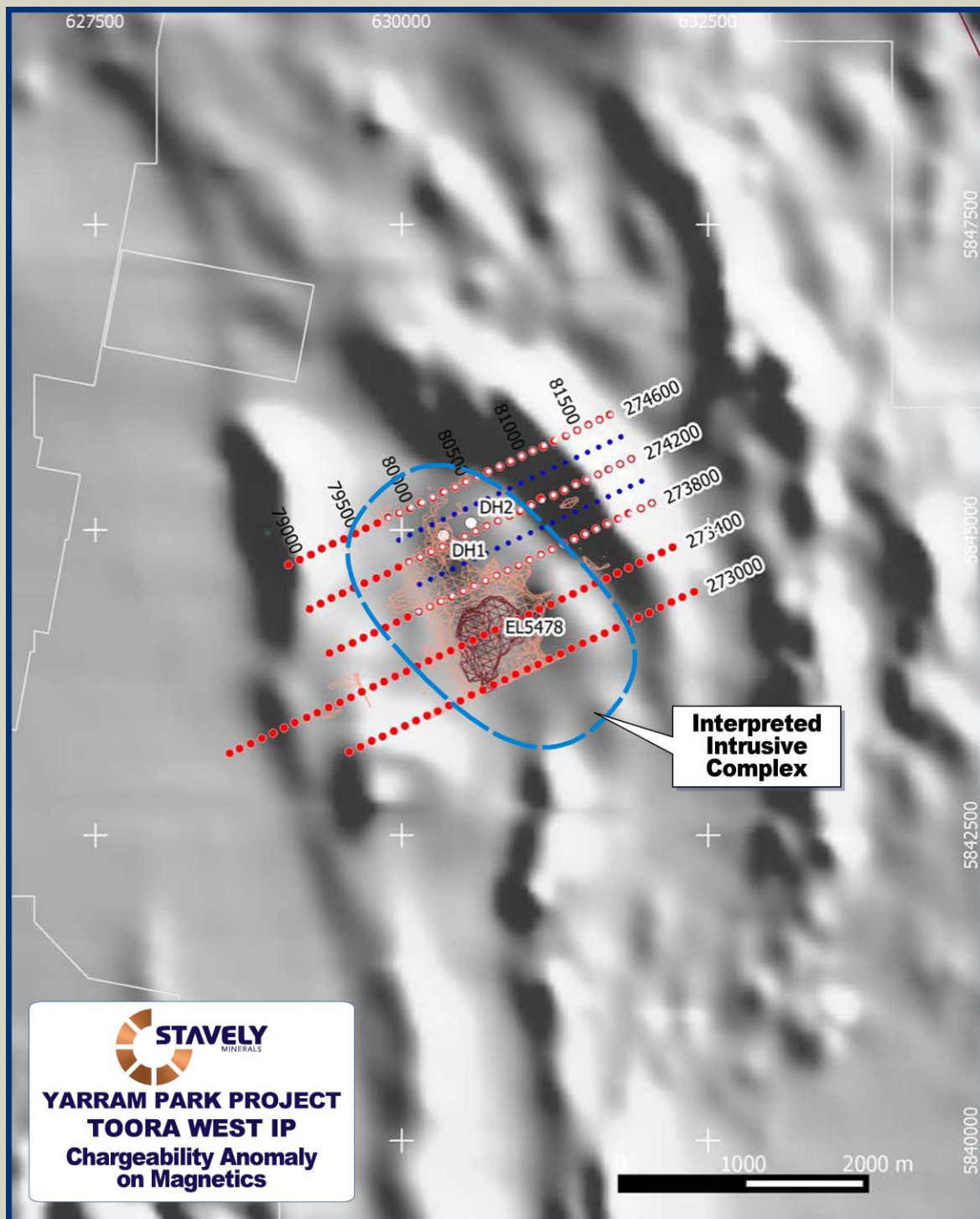


Figure 3. Toora West IP lines (solid red stations are the 2017 IP programme extension) and the 20mV/V (pink wireframe) and 50mV/V (red wireframe) IP chargeability anomalies. The interpreted intrusive complex outline is shown with the grey-scale magnetics in the background.

By way of comparison, the IP chargeability anomaly drilled at Thursday's Gossan – and with a confirmed source from sericite-pyrite alteration associated with copper-gold porphyry-style mineralisation (see ASX announcement 3 July 2017) – was 25mV/V.

Stavely Minerals' Managing Director, Mr Chris Cairns, said the confirmation of a compelling drilling target at Toora West followed hard on the heels of its recently announced exploration breakthrough at Thursday's Gossan.

"We recently announced that we had intersected significant zones of shallow mineralisation at Thursday's Gossan, providing definitive confirmation that the Stavely Volcanic Belt hosts copper-gold porphyry-style mineralisation.

"Now, at Toora West we have confirmed the existence of the right host rocks, that those rocks demonstrate distal porphyry-style alteration, and that some 800m to the south we have an absolute monster of an IP chargeability anomaly in both size and intensity.

"This is a Priority 1 drill target for Stavely Minerals and we are very keen to get on the ground as soon as the paddocks dry out enough to prevent a 30-tonne drill rig from sinking! We are increasingly optimistic about the potential to make a very significant discovery in this emerging copper-gold belt."

Yours sincerely,



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.

For Further Information, please contact:

Stavely Minerals Limited

Phone: 08 9287 7630

Email: info@stavely.com.au

Media Inquiries:

Nicholas Read – Read Corporate

Phone: 08 9388 1474

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	<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>	N/A
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	N/A
	<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>	N/A
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>	Yarram Park Project Toora West Prospect Stavelly Minerals' Diamond Drilling Diamond drill holes STD001 and STD002 were drilled by Titeline Drilling in January 2017. For each hole a mud rotary pre-collar was drilled through the cover sequence which consisted of unconsolidated sand, silt and clay until bedrock was intersected.

Criteria	JORC Code explanation	Commentary
		<p>Diamond drilling was used to produce drill core with a diameter of 63.5mm (HQ).</p> <p>Diamond drilling was standard tube. Diamond core was orientated by the Reflex ACT III core orientation tool.</p> <p>Drill holes STD001 and STD002 were orientated at -60° towards azimuth 065° to a depth of 335.9m and 315m, respectively.</p>
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	<p>Yarram Park Project</p> <p>Toora West Prospect</p> <p>Stavelly Minerals' Diamond Drilling</p> <p>Diamond core recoveries were logged and recorded in the database.</p> <p>Recoveries were generally excellent.</p>
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	<p>Yarram Park Project</p> <p>Toora West Prospect</p> <p>Stavelly Minerals' Diamond Drilling</p> <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>
	<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>	N/A
Logging	<i>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.</i>	<p>Yarram Park Project</p> <p>Toora West Prospect</p> <p>Stavelly Minerals' Diamond Drilling</p> <p>Geological logging of samples followed 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.</p> <p>Due to the excellent core returns there was a high confidence in the orientations and structural measurement.</p> <p>Magnetic Susceptibility measurements were taken for each 1m diamond core interval.</p>
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	<p>Yarram Park Project</p> <p>Toora West Prospect</p> <p>Stavelly Minerals' Diamond Drilling</p> <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>

Criteria	JORC Code explanation	Commentary
	<i>The total length and percentage of the relevant intersections logged.</i>	Yarram Park Project Toora West Prospect Stavely Minerals' Diamond Drilling 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.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Yarram Park Project Toora West Prospect Stavely Minerals' Diamond Drilling There were no intervals in STD001 or STD002 with sufficient sulphides to warrant submission for gold and multi-element geochemical analysis.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Yarram Park Project Toora West Prospect Stavely Minerals' Diamond Drilling No sampling of the mud-rotary pre-collar was undertaken.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	N/A
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	N/A
	<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>	N/A
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	N/A

Criteria	JORC Code explanation	Commentary
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>	N/A
	<i>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.</i>	<p>Yarram Park Project</p> <p>Toora West Prospect</p> <p>Ground IP Survey</p> <p>Survey Specification</p> <p>Array: Dipole - Dipole</p> <p>Line spacing: 400m</p> <p>Rx Dipole Separation: 100m</p> <p>Tx Dipole Separation: 100m</p> <p>Max N separation: 11</p> <p>Coordinate System: Stavelly 2013 Local Grid</p> <p>Base Frequency: 0.0125 Hz</p> <p>Total chargeability</p> <p>Integration time: 590-1450 ms</p> <p>Typical Current: 7.4 A</p> <p>Max Current: 9.5 A</p> <p>Min Current: 2.7 A</p> <p>Equipment</p> <p>Transmitter: GDD TX II x 2 in parallel</p> <p>Output: 10 kVA</p> <p>Max Current: 10 A</p> <p>Max Voltage: 4800 V</p> <p>Current at max Voltage: 2.1 A</p> <p>Motor Generator: Honda 15 kW</p> <p>Receiver</p> <p>Make: Geonics GDD Rx-16</p> <p>Channels: 16</p> <p>Sample Rate: Nominal 5 kW</p> <p>Electrodes</p> <p>Electrodes: 1 x steel plate</p> <p>Size: 1.0 x 0.15m</p> <p>Holes: Hand dug</p> <p>Orientation: Along line</p> <p>Pattern: Roll-along</p>

Criteria	JORC Code explanation	Commentary
		<p>Location</p> <p>GPS Type: Hand Held – High Sensitivity</p> <p>Model: Garmin 60CSx</p> <p>Location Accuracy: +/-3m</p>
	<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>	N/A
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	N/A
	<i>The use of twinned holes.</i>	N/A
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	<p>Yarram Park Project</p> <p>Toora West Prospect</p> <p>Stavely Minerals' Diamond Drilling</p> <p>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.</p>
	<i>Discuss any adjustment to assay data.</i>	N/A
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>	<p>Yarram Park Project</p> <p>Toora West Prospect</p> <p>Stavely Minerals' Diamond Drilling</p> <p>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.</p> <p>For the diamond holes, down-hole single shot surveys were conducted by the drilling contractor. Surveys were conducted at approximately every 30m down-hole.</p>
	<i>Specification of the grid system used.</i>	The grid system used is GDA94, zone 54.
	<i>Quality and adequacy of topographic control.</i>	For Stavely Minerals' exploration, the RL was recorded for each drill hole location from the GPS. Accuracy of the GPS is considered to be within 5m.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	N/A
	<i>Whether the data spacing</i>	N/A

Criteria	JORC Code explanation	Commentary
	<i>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.</i>	
	<i>Whether sample compositing has been applied.</i>	N/A
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>	Yarram Park Project Toora West Prospect Stavely Minerals' Diamond Drilling The diamond drill holes were orientated at -60° toward 065° to intercept and drill beneath an IP chargeability anomaly interpreted as representing the phyllic alteration of a porphyry system.
	<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>	Yarram Park Project Toora West Prospect Stavely Minerals' Diamond Drilling There is insufficient drilling data to date to determine if any orientation sampling bias can be identified in the data.
Sample security	<i>The measures taken to ensure sample security.</i>	N/A
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.

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	<i>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.</i>	Yarram Park Project The diamond drilling and IP survey completed at the Toora West prospect was conducted on the Yarram Park Project, comprising EL5478. The Yarram Park Project was purchased by Stavely Minerals from Diatreme Resources Limited in April 2015. Stavely Minerals hold 100% ownership of EL5478. The tenement is on freehold land and is not subject to native title claim.
	<i>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.</i>	Yarram Park Project The tenement is in good standing and no known impediments exist.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Yarram Park Toora West Prospect In 2013, Diatreme Resources Limited completed ground gravity in the northern half of EL5478, over the prospective Cambrian aged volcanics. In 2015, Stavely Minerals engaged Newexco Services to reprocess and model the ground gravity data as well as the publicly available regional aeromagnetic data. A coincident gravity low with peripheral and central magnetic highs was identified within the Cambrian aged volcanics in the northern portion of EL5478 and named the Toora West prospect.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	Yarram Park Project Toora West Prospect The aeromagnetic data shows that the northern half of EL5478 covers an offset of the Mount Stavely Belt, or a structurally offset portion of the Bunnagul Belt, which is overlain by approximately 80 metres of Quaternary cover. The Toora West target comprises a coincident magnetic high and gravity low with peripheral IP chargeability features within the prospective Mount Stavely Volcanic Complex. The geophysical signature indicates the possibility of a sub-volcanic diatreme (possibly porphyry related) beneath thick cover.
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the 	No drill hole assay information is being reported.

Criteria	JORC Code explanation	Commentary
	<i>drill hole collar</i> <ul style="list-style-type: none"> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> 	
	<i>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.</i>	N/A
Data aggregation methods	<i>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.</i>	N/A
	<i>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 shown in detail.</i>	N/A
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	N/A
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	N/A
	<i>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').</i>	N/A
Diagrams	<i>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</i>	Refer to Figures in body of text. A plan view of the drill hole collar locations is included.

Criteria	JORC Code explanation	Commentary
	<i>plan view of drill hole collar locations and appropriate sectional views.</i>	
Balanced reporting	<i>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.</i>	N/A
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (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.</i>	All relevant exploration data is shown on figures and discussed in the text.
Further work	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>Yarram Park Project</p> <p>Diamond drill testing of the recently identified large and strong (20mV to 50mV) chargeability IP anomaly is planned for the December Quarter 2017.</p>