ASX Code: SVY

Issued Shares: 122.9M

Cash Balance: $1.09M

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

AMEC

ASSOCIATION OF MINING AND EXPLORATION COMPANIES

2018 MEMBER

HIGHLIGHTS

Exploration

Thursday's Gossan Copper-Gold Prospect (Stavely Project, western Victoria)

- Outstanding high-grade assay results received for the sulphide-rich intervals of massive to semi-massive to networked pyrite-chalcopyrite-bornite-chalcocite late porphyry 'D' veins encountered in recently drilled "sighter" hole SMD015:
    - 9m of 2.62% copper and 0.28 g/t gold, including
        - 4m of 5.41% copper and 0.35 g/t gold, including
            - 1m at 14.75% copper and 0.33 g/t gold
    - 4m at 5.85% copper and 0.27 g/t gold, including
        - 1m at 10.75% copper and 0.60 g/t gold
- 'Sighter' drill-hole SMD015 has intersected ~100m of magnetite-rich 'M' veins, considered to be part of the proximal hydrothermal alteration of near-by copper-gold porphyry mineralisation.
- Drill holes SMD013 and SMD014 intersected variable degrees of hematite/epidote inner-propylitic alteration and, significantly, SMD014 intersected a ~60m zone of disseminated magnetite alteration with a narrower interval of disseminated bornite and chalcopyrite below the low-angle structure, indicating that any structural offset to copper-gold mineralisation may not be significant.
- Results have been received for SMD013 with an overall interval of 283m at 0.16% copper from 26 metres including:
    - 34m at 0.31% copper from 27m (chalcocite enriched blanket)
    - 6m at 0.50% copper and 0.14 g/t gold from 178m
    - 9m at 0.34% copper and 0.10 g/t gold from 278m

Ravenswood Project (North Queensland)

- Rock-chip results of up to 68 g/t gold and 18.3% copper highlight the significant discovery potential within Stavely's large and under-explored tenement holding adjacent to the Ravenswood Gold Mine.
- Very high-grade stream sediment results from reconnaissance sampling including 6.28 g/t gold, 1.1 g/t gold, 0.45 g/t gold and 0.42 g/t gold in an area of widespread anomalism but no known hard-rock workings.

Corporate

- $1.09M cash on hand as at 31 December 2017.
- $1.07M available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd.
- $400k Victorian Government co-funding for drilling programmes.

Subsequent to the end of the Quarter, the Company:

- entered into an Earn-in and Joint Venture Agreement with Navarre Resources Limited for EL5425 in the Stavely Project area; and
- announced that exploration credits of $422,455 will be distributed to shareholders based on a Record Date of Monday 22 January 2018.

OVERVIEW

Exploration activity during the December Quarter focussed on the Thursday's Gossan porphyry target at the Stavely Project in western Victoria (Figure 1). Three diamond holes (SMD013, SMD014 & SMD015) for 1,760.9m were completed at Thursday's Gossan during the Quarter as part of a series of four 'sighter' drill holes. A forth diamond hole (SMD016) in the same area was completed to a depth of 467.6m subsequent to the end of the Quarter.

The geology and assay results from the previous quarter all appear to confirm Stavely Minerals' mineralisation model, where structurally controlled mineralisation is 'leaking' from a copper-gold mineralised porphyry intrusion at depth. This interpretation is supported by the hydrothermal alteration and sulphide mineralogy consistent with high-level oxidised and acidic metals-bearing fluids.

The four recently completed diamond drill holes were completed to follow the structures down towards the expected high-grade copper-gold core of the Thursday's Gossan porphyry system.

Assays for the first, sulphide-rich batch of 'D' vein samples from hole SMD015 returned impressive copper and gold assays of up to 14.75% Cu and 0.33 g/t gold and 10.75% Cu and 0.60 g/t gold. The Thursday's Gossan copper-gold porphyry system hosts unusually thick and high-grade late 'D' veins. 'D' veins do constitute economic mineralisation in some large copper-gold porphyry systems like the Hugo Dummett deposit at the Oyu Tolgoi mine in Mongolia and the Heavy Sulphide Zone at the Grasberg mine in Irian Jaya.

Significantly, diamond drill hole SMD015 intercepted ~100m of magnetite-rich 'M' veins and fine disseminated sulphides which provide evidence that gold-rich porphyry-style mineralisation is very close and at a shallower depth than previously expected. In most copper-gold porphyry systems, the 'M' veins precede the main mineralising phase while the

late 'D' veins occur after the main mineralising event. Both 'M' and 'D' veins typically extend beyond the more centrally constrained copper-gold mineralised zone. The 'M' veins observed in the core are remarkably similar in character to those well-documented at the world-class Cadia-Ridgeway copper-gold mine and host fine-grained pyrite and lesser chalcopyrite. The intensity of the magnetite and quartz veining and associated pervasive hydrothermal alteration are compelling indications of a very hydrous and oxidised mineralising fluid system that has had the potential to develop significant copper-gold mineralisation.

In his PhD thesis on the Cadia gold-copper porphyry deposits, Wilson (2003)[1] describes early veining as characterised by:

> *"Veinlets of magnetite-actinloite (E-1A) and quartz-magnetite-bornite (E-1B)…cut by thick, grey coloured quartz veins with characteristic laminations of magnetite-bornite±actinolite (E-2). White quartz-bornite-chalcopyrite veins (E-4) have cut older vein stages.*

Wilson uses the 'E' terminology to denote that these 'M' veins are early in the mineralising sequence at Cadia-Ridgeway. It is apparent from Wilson's thesis that the high-grade gold core to the Cadia-Ridgeway deposit is centred on the distribution of the E-2 veins he describes as extending up to 80m from the Ridgeway Intrusive Complex (RIC), while the E-1 veins can extend further outward up to 350m from the RIC.

The recent drilling is considered highly encouraging due to the very strong proximal copper-gold porphyry signals.

Analytical data collected and technical reviews completed at Thursday's Gossan during the Quarter included:

- Short-wavelength infra-red (SWIR) data;
- Sulphur isotopes;
- Classification of all noted 'D' vein occurrences has been completed according to their sulphide species/ geochemical composition;
- Petrographic description of selected drill core samples has been completed; and
- All of the available drill core has been reviewed by porphyry expert Mr Greg Corbett.

Additionally, 3D modelling of all the drill-hole traces, major structures, copper and molybdenum down-hole geochemistry, SWIR alteration mineralogy, 'D' vein classifications, δ34 sulphur isotope data, copper, gold and silver iso-shapes, interpreted porphyry intrusions and a conceptual target copper-gold porphyry has been completed in the Leapfrog® software.

At the Ravenswood Project in north Queensland, the regional soil sampling and rock chip sampling programme continued at the Dreghorn and Trieste/ Connolly North Goldfields during the quarter (Figure 2). The Dreghorn group of prospects are situated south of the Burdekin River and include Area 8, Rhyolite Ridge, Ellen Boss, Ellen Boss East, Albion-Queenslander, Rejoice, Hidden Treasure and Percy Keene prospects. Results have been received for all stream sediments, soils and rock-chip samples collected during the current and previous Quarter.

[1] The geology, genesis and exploration context of the Cadia gold-copper porphyry deposits, New South Wales, Australia, Alan J. Wilson, submitted in fulfillment of the requirements for the degree of Doctor of Philosophy, University of Tasmania, November 2003

High-grade gold rock-chip results including 68.3 g/t gold and 6.45 g/t gold were returned from the Albion/Queenslander trend. Rock chips from the Hidden Treasure trend returned high-grade gold assays including 12.95 g/t gold and 2.21% Cu, and 4.05 g/t gold. High-grade gold rock-chip results including 36.6 g/t gold and 5.54 g/t gold were returned from the Trieste/Connolly North Goldfield.

Strong low-sulphidation epithermal geochemical results were returned in rock-chips from the Area 8 prospect, with assays of up to 0.65 g/t gold, 106 g/t silver, 397ppm arsenic and 837ppm antimony.

Numerous high-grade copper and gold rock-chip results were returned from the Kean's porphyry prospect including 18.3% Cu and 2.48% Cu.

Strong silver and gold rock-chip results from the Wilbur's Hill/Powerline prospects including 0.43 g/t gold with 262 g/t silver and 0.63 g/t gold with 41 g/t silver.

Very high-grade stream sediment results were returned from reconnaissance sampling in the Connolly North area including 6.28 g/t gold, 1.1 g/t gold, 0.45 g/t gold and 0.42 g/t gold where there is widespread anomalism but no known hard-rock workings.

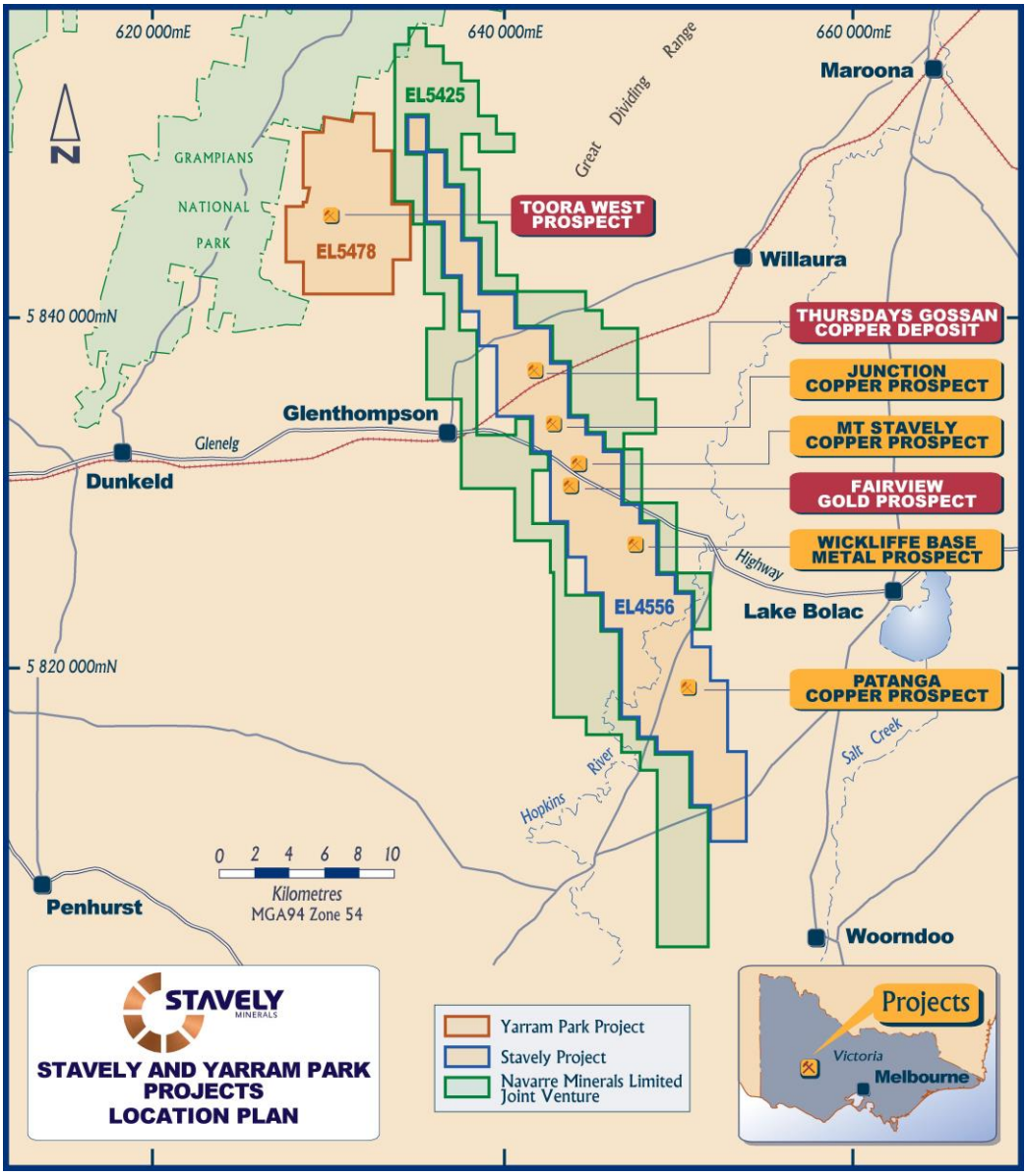

Figure 1. Western Victoria Projects location plan.

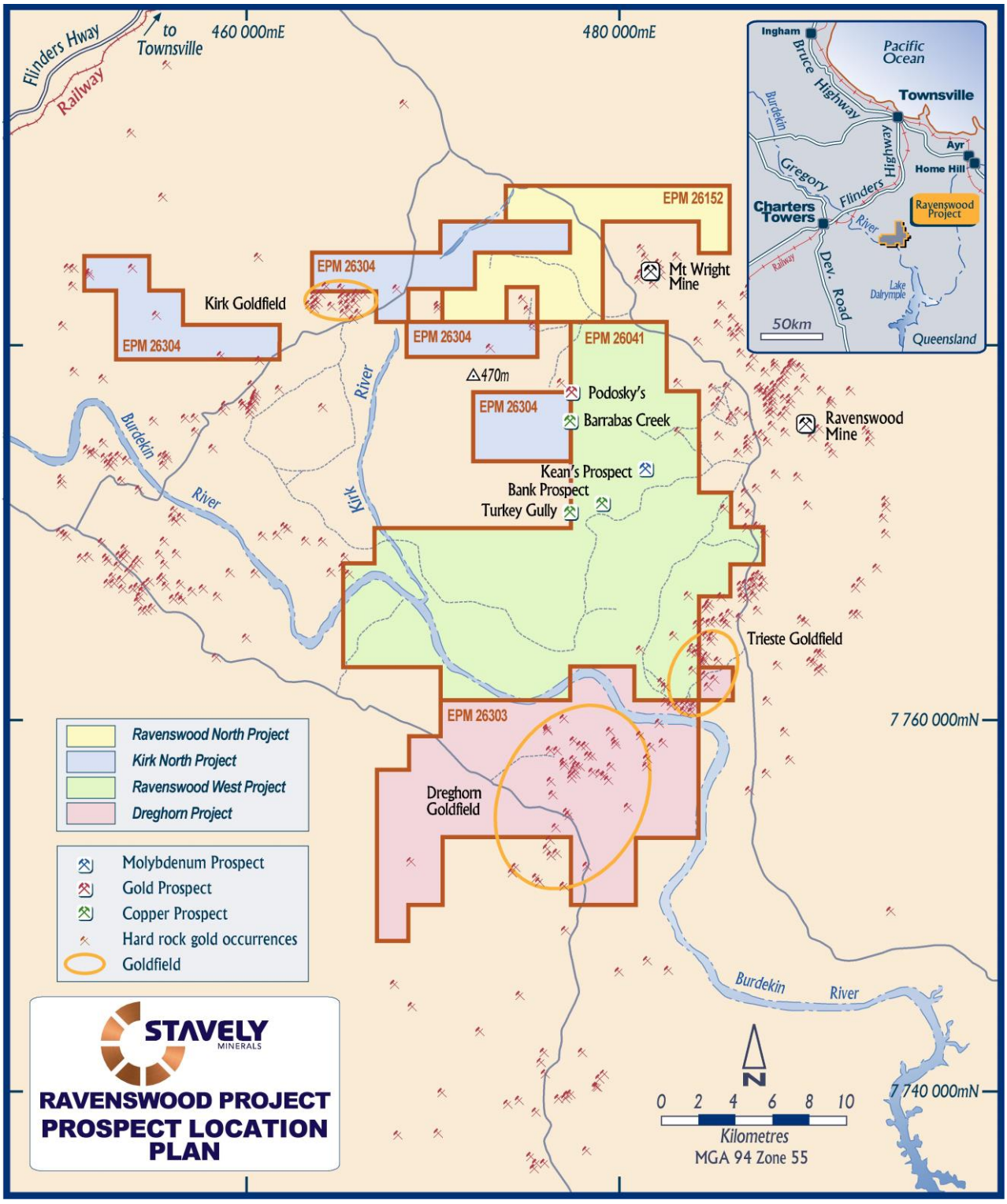

Figure 2. Ravenswood Project location plan.

EXPLORATION

Stavely Project (EL4556)

Thursday's Gossan Prospect

During the December Quarter, three diamond drill holes, SMD013, SMD014 and SMD015 were completed for a total of 1,760.9m (Figure 3). Subsequent to the Quarter, in January 2018, a fourth diamond drill hole, SMD016 completed to a depth of 467.6m. This deeper drilling of 'sighter' holes was conducted as follow-up to significant copper-gold drill intercepts returned from the recent RC/Diamond drilling. Very high grade intervals returned from the drilling conducted in the June and September 2017 quarters included 1 metre at 5.17% copper, 1.26 g/t gold and 24 g/t silver and 1 metre at 4.02% copper, 1.78 g/t gold and 123 g/t silver are associated with the copper-sulphide mineral bornite, confirming the potential for materially higher gold and copper grades in the target potassic alteration zone at depth.

The deeper drilling was planned to follow at depth the sulphide-rich 'D' veins in structures 'leaking' from a porphyry intrusion towards the expected high-grade copper-gold core of the Thursday's Gossan porphyry system.

Multiple independent vectoring techniques have all provided strong encouragement to drill in the current area. These results are discussed in more detail below.

Diamond drill holes SMD013 and SMD014 intercepted inner-propylitic hematite-epidote alteration and SMD015 intercepted sodic-potassic alteration hosting significant widths of early proximal magnetite-rich 'M' veins and associated fine sulphides.

SMD013 was drilled to a depth of 573.9m targeting the down-dip extension of the mineralisation intersected in STRC019D at 153m which returned 27 metres at 0.39% copper and 0.16 g/t gold including 3 metres at 2.65% copper and 1.17 g/t gold (Figure 4). The hole commenced in siltstone and fine grained sandstone before entering a weakly epidote-magnetite altered microdiorite at 90m. Hypogene hematite is associated with fractures and veins in both units from 65m to 130m. A chalcocite-chalcopyrite-pyrite-quartz-hematite vein is seen at 183m.

The low-angle structure was intersected from 277m to 289m and has some massive pyrite-quartz ± sphalerite ± molybdenite veining associated with it (Photo 1).

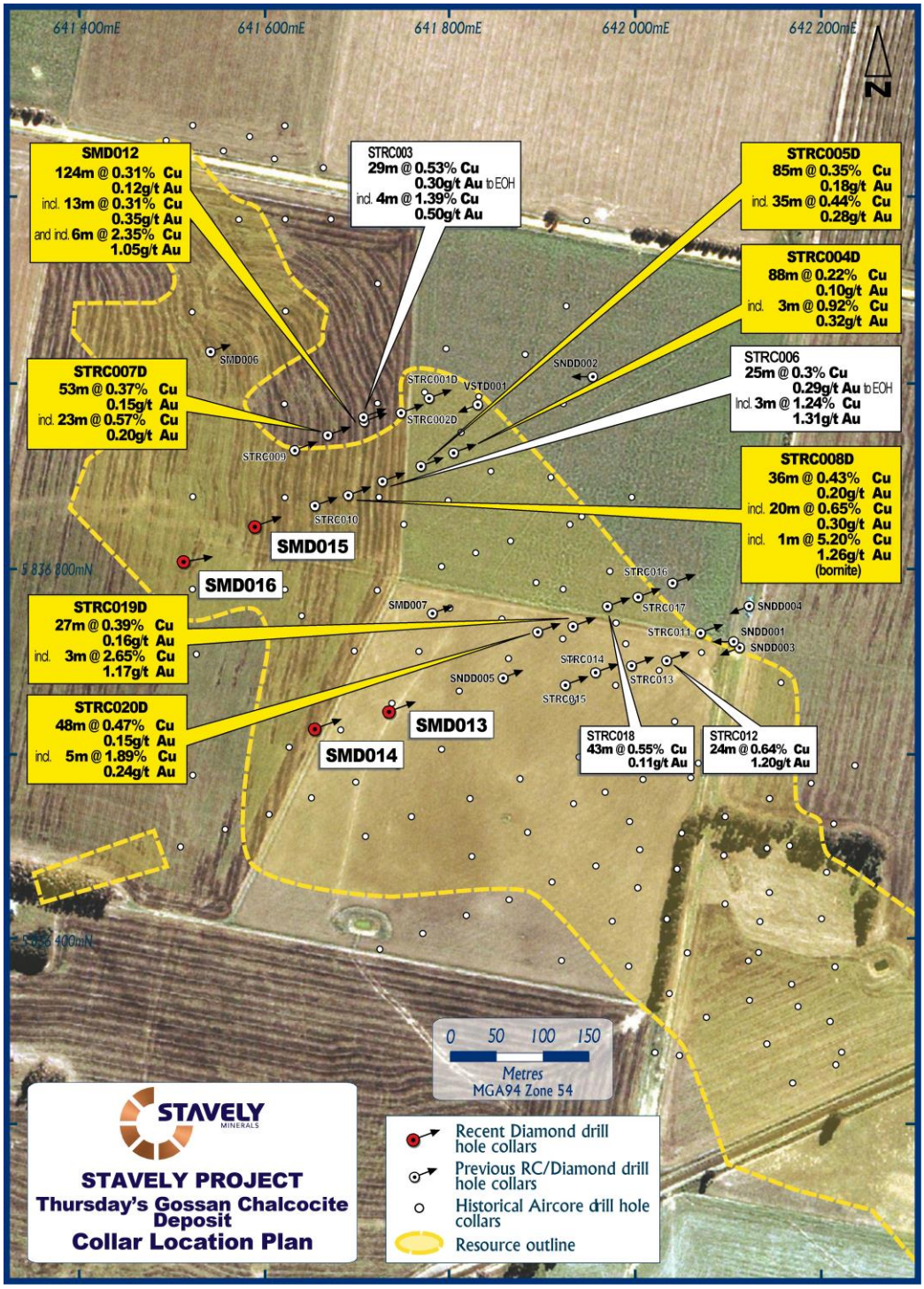

Figure 3. Stavely Project – Thursday's Gossan prospect drill collar location plan.

Photo 1. Pyrite-quartz ± sphalerite ± molybdenite veins at 283m.

Beneath the low-angle structure there is weakly porphyritic microdiorite and porphyritic dacite. Within the microdiorite there is a zone at 321m to 327m of small pyrite-chalcopyrite ± bornite veins with halos of what appear to be actinolite being replaced by chlorite (Photo 2). Below this, carbonate veining becomes the dominant vein type to the end-of-hole.

Photo 2. Pyrite-chalcopyrite ± bornite veining with ?actinolite halo at 322m.

Hematite dusting of feldspars is patchy in both the microdiorite and the dacite (Photo 3), as is weak epidote alteration. In some alkalic porphyry systems this style of alteration is indicative of inner-propylitic type alteration.

Results have been received for SMD013 with an overall interval of 283m at 0.16% copper from 26 metres including:

- 34m at 0.31% copper from 27m (chalcocite enriched blanket)
- 6m at 0.50% copper and 0.14 g/t gold from 178m
- 9m at 0.34% copper and 0.10 g/t gold from 278m
- 1m at 1.80 g/t gold from 326m

Disseminated sphalerite and rare galena is seen in places in the microdiorite and a quartz-galena vein is seen at 413m (Photo 4). The galena rich vein returned 1m at 8.44% lead and 98 g/t silver.

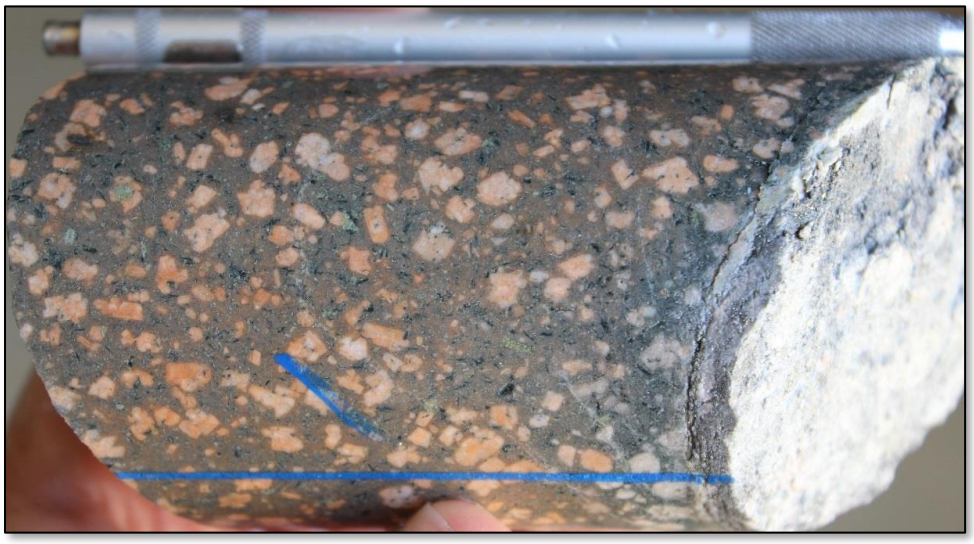

Photo 3. Hematite dusting of feldspars in a porphyritic dacite at 375m in SMD013.

Photo 4. Quartz-galena vein at 413m in SMD013.

SMD014 was drilled to the west of SMD013 to a depth of 738.9m (Figure 4). The top of the hole went through siltstone and fine grained sandstone to 160m after which the rock type changed to porphyritic microdiorite. Porphyry 'B' veins of quartz with a central termination and pyrite centres are seen at 220m (Photo 5). The vein density of 'B' veins is similar to the quartz-magnetite veining in STRC008D at 116m. Also around this depth there is trace disseminated magnetite noted.

Photo 5. Porphyry 'B' veins at 220m in SMD014

The low-angle structure was intersected from 299m to 303m and hosted pyrite-quartz 'D' veining with sericite alteration halos (Photo 6).

Photo 6. Pyrite-quartz 'D' veins with sericite alteration halos on the low angle structure at 302 metres in SMD014.

Below the low-angle structure, SMD014 intersected a sandstone unit with disseminated magnetite and trace disseminated bornite and chalcopyrite sulphides.

The hole intersected porphyritic microdiorite and porphyritic dacite units from 370m to 550m, after which the hole went into serpentinite. The microdiorite and dacite units have weak epidote alteration, patchy pinking of the feldspars, and there is patchy trace disseminated pyrite, sphalerite and chalcopyrite. Carbonate veining is seen from 370m and becomes stronger once in the serpentinite from 550m. SMD014 samples are being prepared for submission to the assay laboratory.

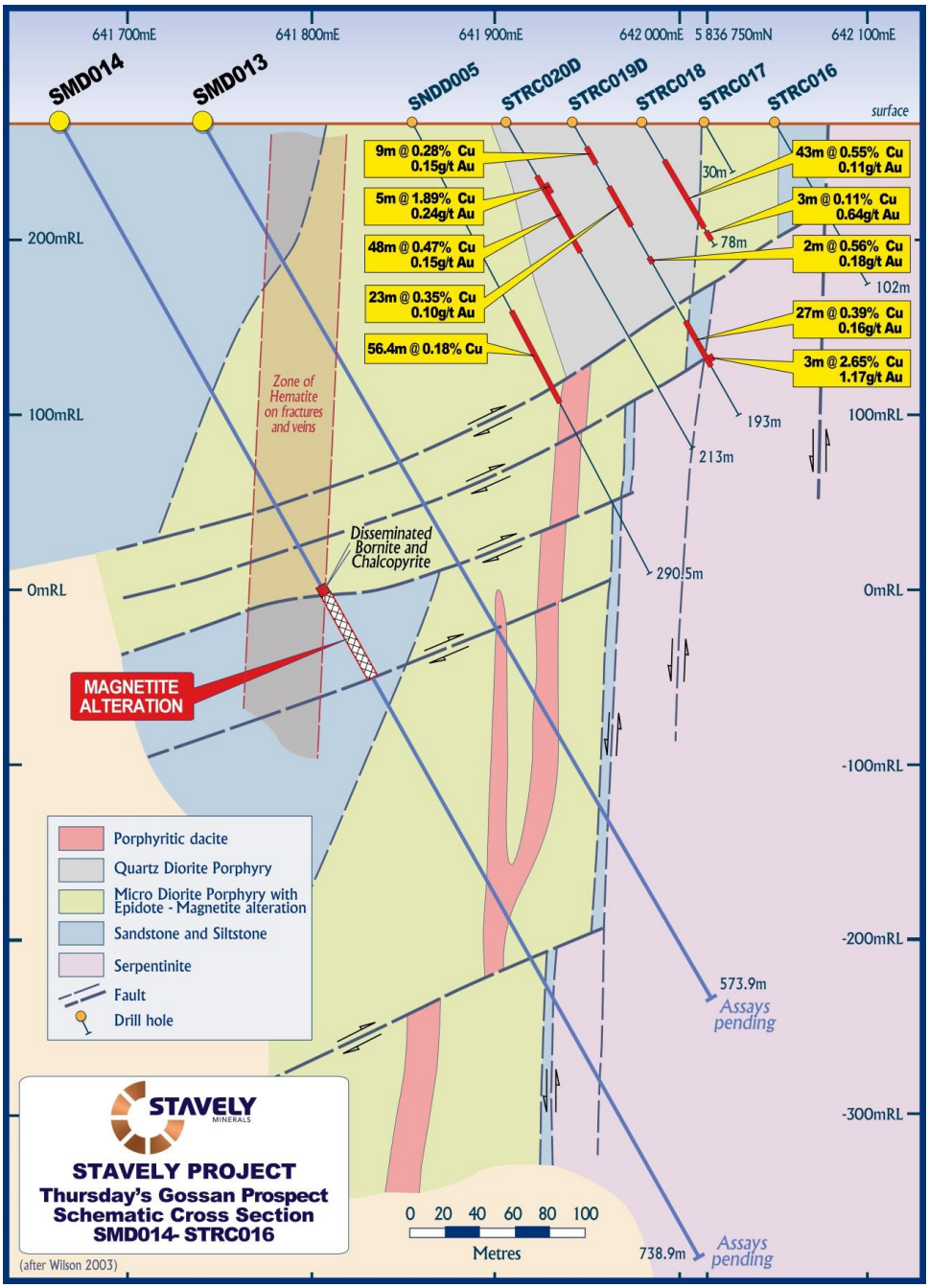

Figure 4. Drill section with SMD013 and SMD014.

In drill hole SMD015 at Thursday's Gossan, a ~100m interval of magnetite-actinolite veins comparable to Wilson's E-1A and quartz-magnetite ± pyrite ± chalcopyrite comparable to Wilson's E-1B veins are observed from ~100m depth to 196m drill depth (Figure 6 and Photo 7).

While equivalents to Wilson's E-2 veins are not observed in SMD015, it is expected, by analogy with the respective distributions of E-1 and E-2 veins as described at Cadia-Ridgeway, that SMD015 has, in a relative sense, penetrated the zone between the outer extent of the high-grade gold-related E-2 veins and the outer extent of the E-1 magnetite ± quartz veins (Figure 5).

Photo 7. Magnetite and quartz-magnetite veining at 154.0m in SMD015.

Below the intensely 'M' veined interval, at 196m, SMD015 intersected a massive pyrite-chalcopyrite-bornite-chalcocite D-vein (Photo 8) followed by an 8m zone of pyrite-bornite-chalcopyrite stockwork veining (Photo 9). Assay results from this zone include:

- **4m at 5.85% copper and 0.27 g/t gold from 196m, including**
  - **1m at 10.75% copper and 0.60 g/t gold, and**
- **1m at 1.28% copper and 0.27 g/t gold from 204m**

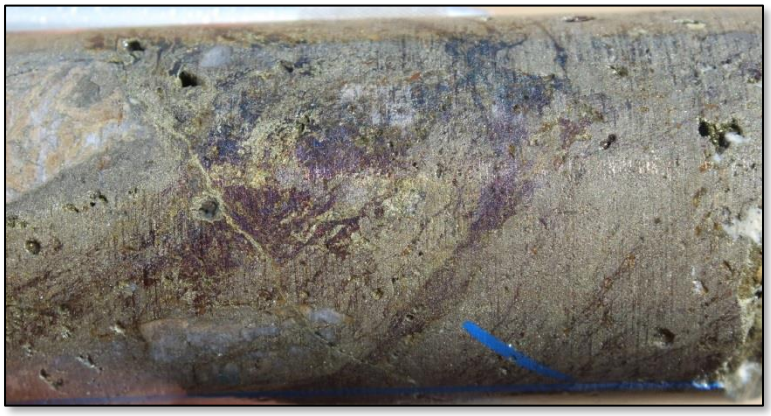

Photo 8. Pyrite-bornite-chalcopyrite ± chalcocite vein at 196.6m in SMD015. Bornite is the purple sulphide. Drill core is HQ3 with a diameter of 61mm.

Photo 9. Pyrite-bornite-chalcopyrite-chalcocite veining at 198.3m in SMD015.

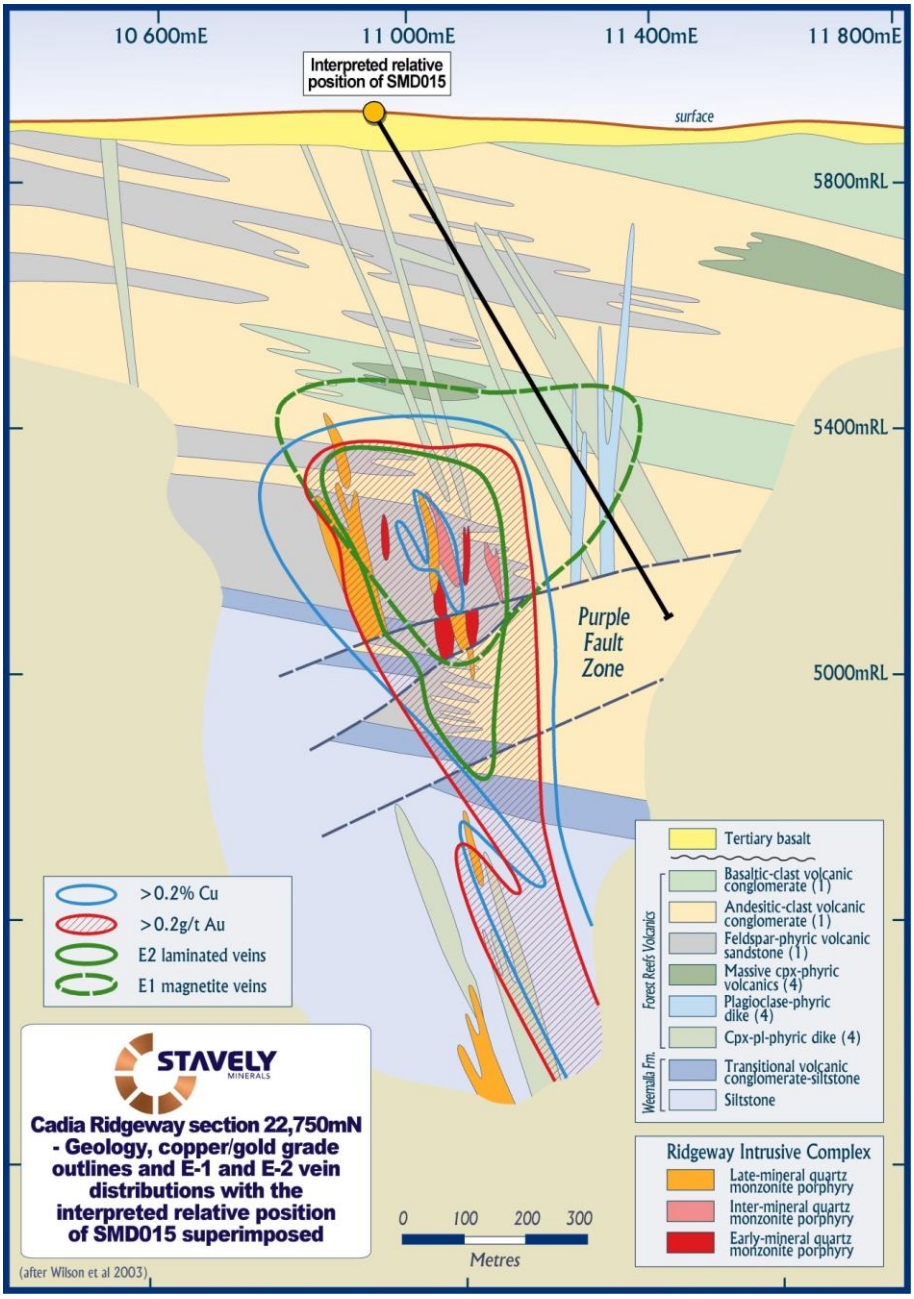

Figure 5. Cadia-Ridgeway section 22,750mN showing geology, copper and gold grade outlines and E-1 and E-2 vein distributions (modified after Wilson, 2003). The interpreted relative position of SMD015 is superimposed on the section.

The low-angle structure is seen from 247m to 258m in SMD015. Elsewhere, the veining associated with this structure is typically pyrite-quartz ± chalcopyrite, however, SMD015 hosts pyrite-chalcocite-bornite-chalcopyrite-quartz veining (Photo 10), possibly indicating a more proximal location to the source porphyry intrusion.

Results from this zone included:

- **9m of 2.62% copper and 0.28 g/t gold, including**
  - **4m of 5.41% copper and 0.35 g/t gold, including**
    - **1m at 14.75% copper and 0.33 g/t gold**

The remainder of the assay results for SMD015 are still pending.

Photo 10. Chalcocite-bornite-pyrite-chalcopyrite veining at 255.0m on the low-angle structure.

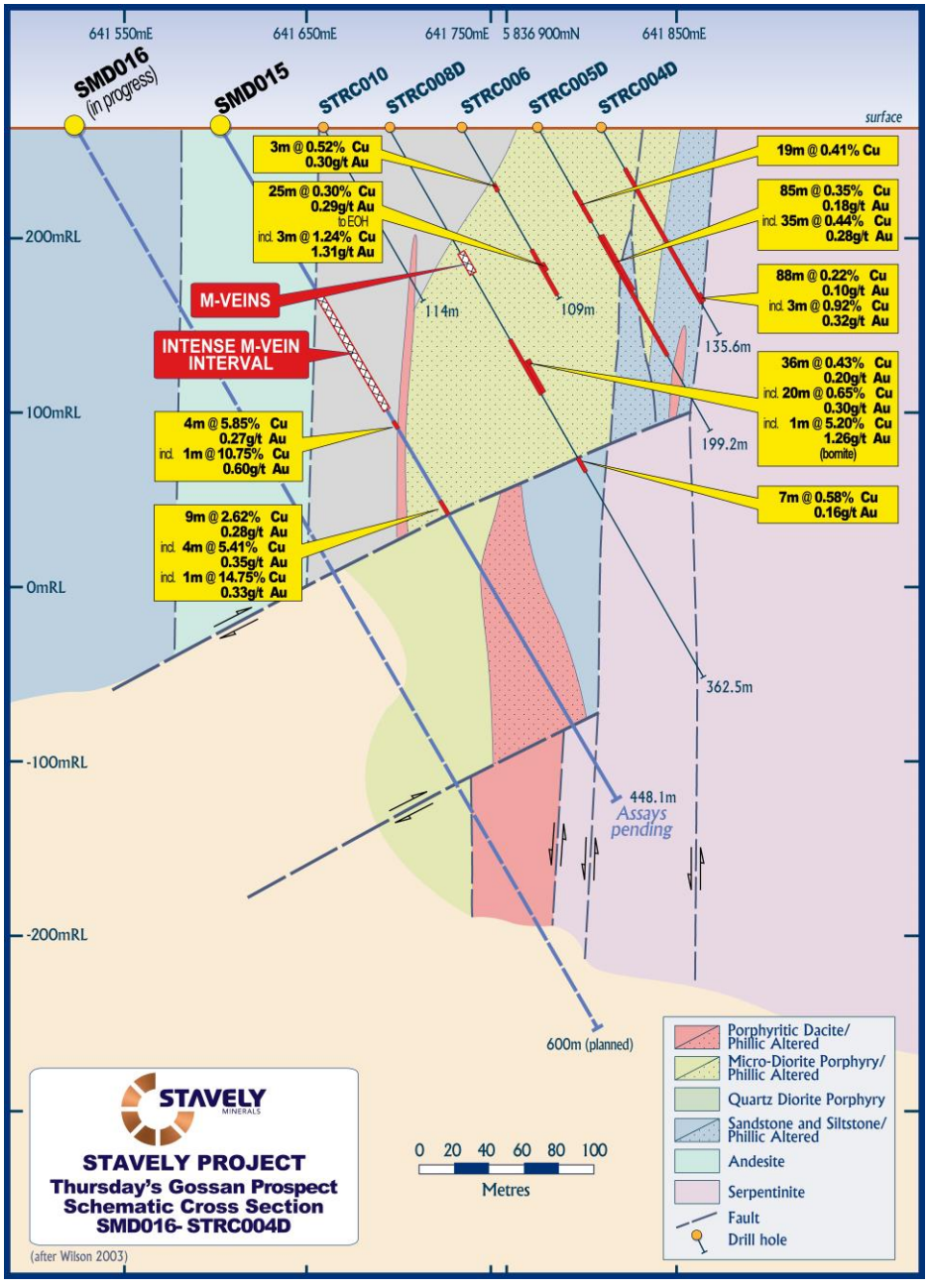

Figure 6. Drill section with SMD015 and SMD016.

Thursday's Gossan Porphyry Technical Review

SWIR Alteration Mineralogy

A large proportion of the historical diamond drill holes were analysed by the CSIRO developed HyLogger® SWIR scanner. Additionally, all Stavely Minerals' diamond and RC drill holes plus a number of the historic aircore drill holes have been scanned using the Terraspec® Halo hand-held SWIR scanner

Work by Scott Halley of Mineral Mapping Pty Ltd demonstrates that the white mica SWIR absorption feature in the vicinity of 2200µm can shift to shorter wavelengths ~2195µm when derived from magmatic dominated fluids to longer wavelengths ~2210µm when magmatic fluids mix with circulating meteoric fluids. Consequently, the spatial distribution of white micas (sericite) with the shorter wavelength SWIR absorption features are interpreted as having formed in the magmatic fluid upflow zone directly above a porphyry intrusion. The 3D modelling of the spatial distribution of the <2198µm SWIR sericite absorption feature white micas indicates their location in the hanging wall to the intersection of the steep NW trending ultramafic contact structure and the N striking splay structure.

Additionally, the SWIR data has identified several occurrences of the minerals pyrophyllite and alunite. As well, an alunite-like mineral has also been noted in petrology. The distribution of pyrophyllite and alunite closely corresponds to the steep NW structure. These minerals are typically formed in high temperature, low-pH conditions typical of those expected above an evolving porphyry system where dissociation of upwelling magmatic volatiles produces fluids rich in sulphuric and hydrochloric acid.

The occurrence of these minerals proximal to the steep NW ultramafic structure indicate that they are reflecting the 'leakage' of mineralising fluids up the structure from a magmatic source at depth.

δ34 Sulphur Isotopes

A total of 85 δ34 sulphur isotope determinations were completed during the Quarter. Each sample was drilled out of a sulphide vein using a Dremel tool and sent to University of Tasmania for isotopic analysis. The significance of sulphur isotopes in porphyry systems is two-fold.

There are broadly two types of copper porphyry systems – calc-alkaline and alkalic. The calc-alkaline porphyries are typically very large tonnage low-grade copper or copper + molybdenum systems while the alkalic porphyries are typically smaller in volume but importantly host copper + gold mineralisation and can be much higher metal value per tonne. This metal value per tonne means that these deposits are amenable to economic development by bulk underground mining methods.

The sulphur isotope values of alkalic porphyry copper-gold deposits tend to be more strongly negative than those of the calc-alkaline copper porphyries. It is therefore considered significant that Thursday's Gossan displays the strongly negative δ34 sulphur isotope values consistent with alkalic copper-gold porphyries – not surprisingly, given the broad intervals of gold mineralisation intercepted in recent drilling.

Secondly, the significance of the δ34 sulphur isotope results (in a range of -10‰ to +10‰) is that they can be considered an indicator of the proximity of a magmatic sulphur source. Alkalic porphyry copper-gold deposits typically have moderately to strongly negative δ34 sulphur isotopic values with the ore zone at Cadia-Ridgeway approximately corresponding to the -3‰ δ34 sulphur isotherm while a number of the British Columbia / Alaska / Yukon alkalic copper-gold porphyries demonstrate δ34 sulphur values in excess of -10‰. These very large copper-gold deposits demonstrate positive to mildly negative δ34 sulphur values distal to the ore zone and more strongly negative δ34 sulphur isotope values moving towards the ore zones.

Of the 85 sulphur isotope determinations received for Thursday's Gossan, 50% (42) are less than -2‰ δ34 sulphur and 19 are less than -4‰ δ34 sulphur. The iso-surface of the more strongly negative δ34 sulphur results is in the region of the steep NW oriented ultramafic contact and the N striking splay structure.

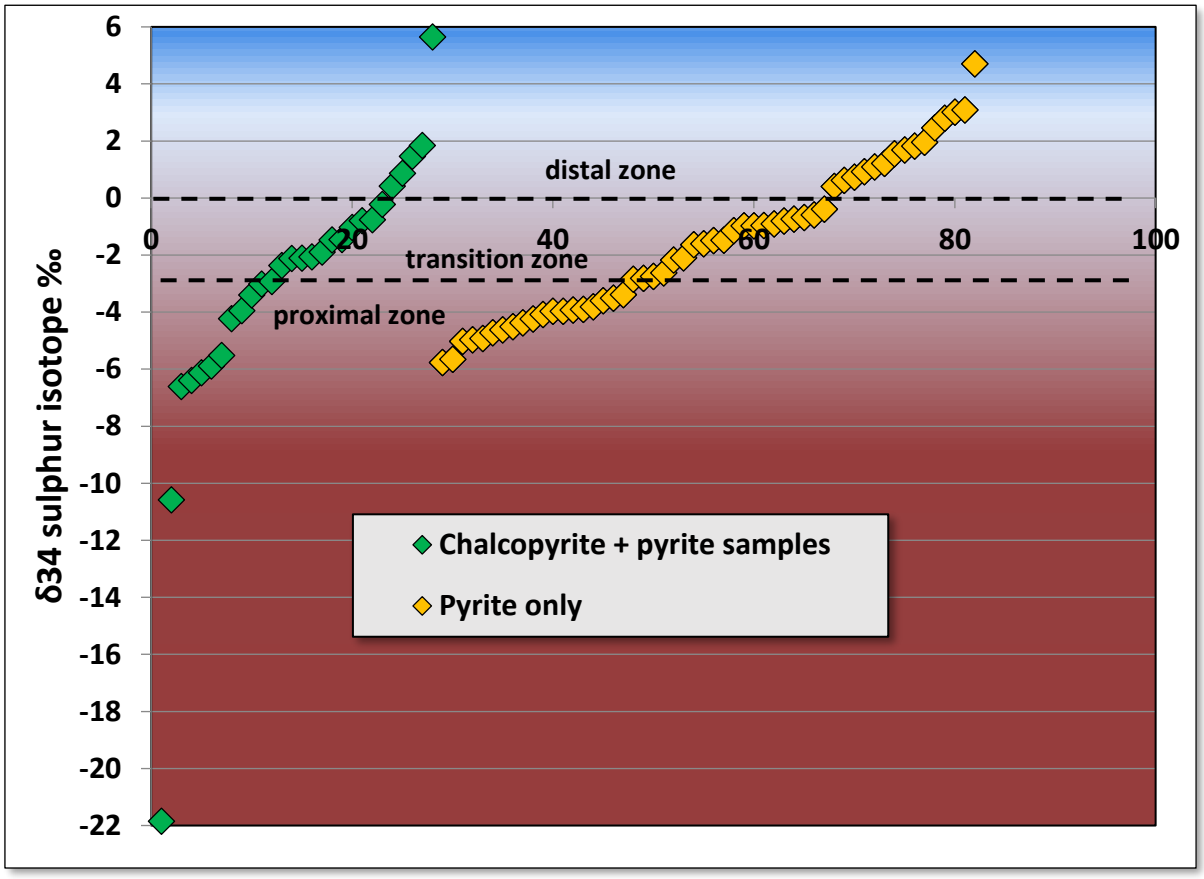

Figure 7. Graph of δ34 sulphur isotope values for chalcopyrite+pyrite samples vs pyrite only samples.

A plot of the δ34 sulphur isotope values relative to the sulphide species (chalcopyrite + pyrite vs pyrite only) demonstrates that while there is considerable overlap in values, the pyrite only samples tend to extend into the higher δ34 sulphur isotope values while the chalcopyrite+pyrite samples extend further into the more strongly negative values (Figure 7). This observation is consistent with other alkalic porphyry copper-gold deposits where there are positive to neutral δ34 sulphur isotope values from pyrites in the more distal propylitic altered periphery while there is a transition to mixed pyrite and chalcopyrite towards the more proximal parts of the magmatic system. If this zonation model holds true, a population

of even more strongly negative δ34 sulphur isotope values from bornite predicted to be the dominant copper sulphide would be expected in the core of this porphyry system.

The main hosts to the porphyry intrusive suite are the Glenthompson Sandstone and the Fairview Andesite Breccia – a series of submarine hyaloclastite flows with common inter-flow sediments. These sediments include mudstones with diagenetic sulphide. This diagenetic sulphide could be expected to have a 'seawater' signature with strongly positive δ34 sulphur isotope values. If this sulphide were remobilised and mixed with magmatic sulphur during hydrothermal alteration, it could have the effect of shifting the magmatic δ34 sulphur isotope values to more neutral to positive values. Despite the potential for this mixing of sulphur sources, that a large number of strongly negative δ34 sulphur isotope values are being seen provides confidence in the postulated existence of an alkalic porphyry in the vicinity of recent results.

'D' vein Classification

'D' veins typically occur late in the hydrothermal evolution of porphyry systems (Figure 8). Stavely Minerals have identified a number of different phases of porphyry intrusion at Thursday's Gossan. The earlier phases were associated with low-grade copper-moly mineralisation and at least one late-phase is associated with copper-gold mineralisation. It has been a challenge to untangle the overprinting alteration assemblages and veining associated with each phase. Stavely Minerals' personnel recognised that there were discernible characteristics to the late 'D' veins that may be specific phases of intrusions. Over 900 'D' vein occurrences were classified as being one of six types of 'D' veins:

1. Copper-gold
2. Copper-molybdenum
3. Pyrite
4. Molybdenum
5. Gold-silver (1 occurrence), and
6. Copper-pyrite

The criteria for 'D' vein classification is provided in the ASX announcement dated 17 November 2017.

The hypothesis being considered was that 'D' veins of different character could be related to different phases of porphyry intrusion and mineralisation and that the geochemistry / sulphide species of a particular 'D' vein set may reflect the chemistry of its source porphyry intrusion. If so, there may be a spatial distribution to the different 'D' veins that may assist in vectoring drilling towards the late-stage copper-gold porphyry phase. While the 'D' vein classification process is completely independent of spatial location, the outcome has quite convincingly resulted in a strong clustering of the copper-gold 'D' veins proximal to, and in the hangingwall of the steep NW structure in the vicinity of its intersection with the steep N striking splay structure.

Petrographic Descriptions

A batch of 52 drill core samples from the latest drilling campaign were sent to Paul Ashley Petrographic and Geological Services for petrographic description. The report notes alteration and sulphide species consistent with high level and relatively oxidising conditions.

The report also notes the occurrence of nickel sulphides millerite and violarite for which the nickel has likely been leached from the ultramafic by hot acidic hydrothermal fluids as they migrated up the steep ultramafic contact structure.

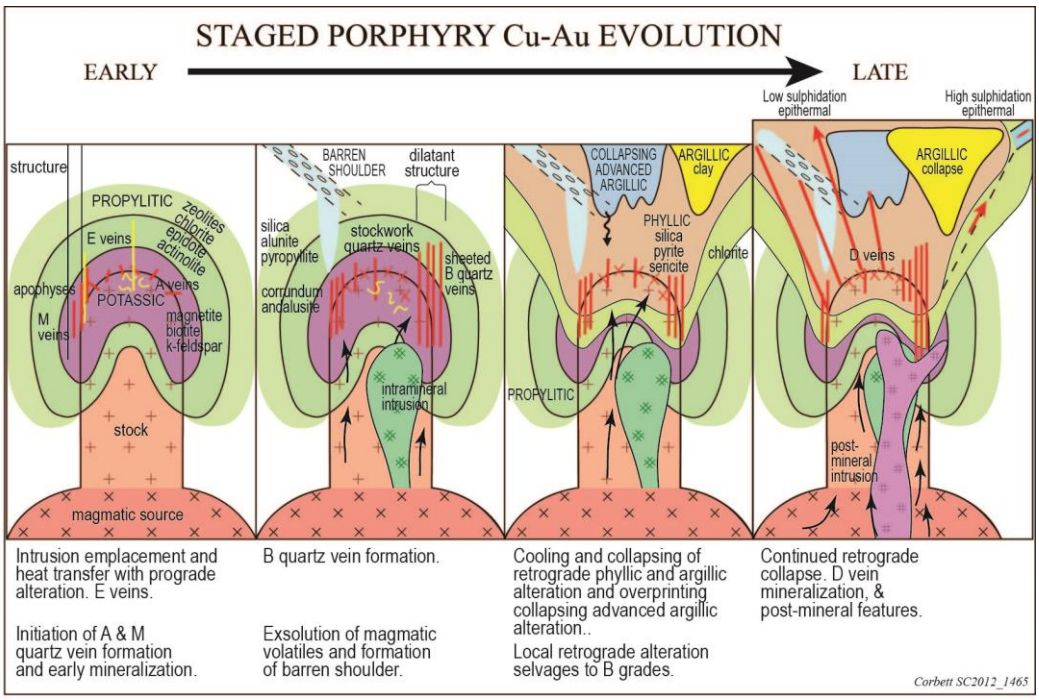

Figure 8 Staged evolution of a mineralised porphyry system (after Corbett, 2012).

Drill Core Review

In September 2017, Greg Corbett of Corbett Geological Services visited Stavely's core facility in western Victoria to review recently drilled core (and RC drill chips). Mr Corbett was tasked to review Stavely Minerals' exploration model for the Thursday's Gossan and nearby prospects.

Mr Corbett reviewed a number of geologic features commonly used as a vector to porphyry mineralisation including:

- 'D' veins
- Pebble dyke
- Overprinting evolved porphyry-related ore fluids
- Zone prograde and overprinting retrograde alteration
- Metal zonation
- Structural control to porphyry location

Mr Corbett found that the features noted in drill core support Stavely Minerals' interpretation of an 'above porphyry' environment and that drilling of deeper holes below recent results be progressed as a priority.

Ravenswood Project (EPM26041, EPM26152, EPM26303 & EPM26304)

During the Quarter, exploration continued at the Ravenswood Project with regional soil sampling and rock chip sampling programme conducted at the Dreghorn and Connolly North/ Trieste Goldfields on EPM26152 and EPM26041 (Figure 9). Results have been received for all stream sediment, soil and rock-chip samples.

Dreghorn Prospects

The Dreghorn group of prospects are situated south of the Burdekin River and include the Area 8, Rhyolite Ridge, Ellen Boss, Ellen Boss East, Albion-Queenslander, Rejoice, Hidden Treasure and Percy Keene prospects (Figure 10).

At the Area 8 prospect, surface rock-chips have returned assay results to 0.65 g/t gold, 106 g/t silver, 397ppm arsenic and 837ppm antimony from crustiform and colloform quartz veins and quartz breccia in-fill. The quartz textures and geochemical signature are consistent with a low-sulphidation epithermal gold-silver system (Photo 11 and 12). A notable example of a low-sulphidation epithermal gold-silver system in the area is the Pajingo gold deposit.

At the Bowerbird prospect, high-grade rock chip results included:

- **14.2% copper, 279ppm silver, 0.8% zinc and 0.57% lead**

The association of strong base metal/silver mineralisation with a nearby outcrop of rhodochrosite (manganoan carbonate) veining is of particular interest in the context of an epithermal base-metal/precious metal system.

This exploration potential is particularly enhanced by the fact that Bowerbird is not far from the Area 8 prospect, displaying low-sulfidation colloform and crustiform quartz veining and associated anomalous geochemistry. Further follow-up mapping and sampling is planned.

At the Albion/Queenslander trend, spectacular gold grades of up to 68.3 g/t gold have been returned from surface rock-chip samples. The central part of the Dreghorn goldfield is dominated by parallel NW, NNW and north-trending quartz+calcite+siderite ±chlorite±sericite veins. Individual veins extend for 190m to 700m length (Table 1).

The veins have massive sheeted and brecciated textures. They contain rare galena and chalcopyrite. Proximal chlorite+carbonate and rarely quartz+sericite alteration assemblages occur within the adjacent granodiorite.

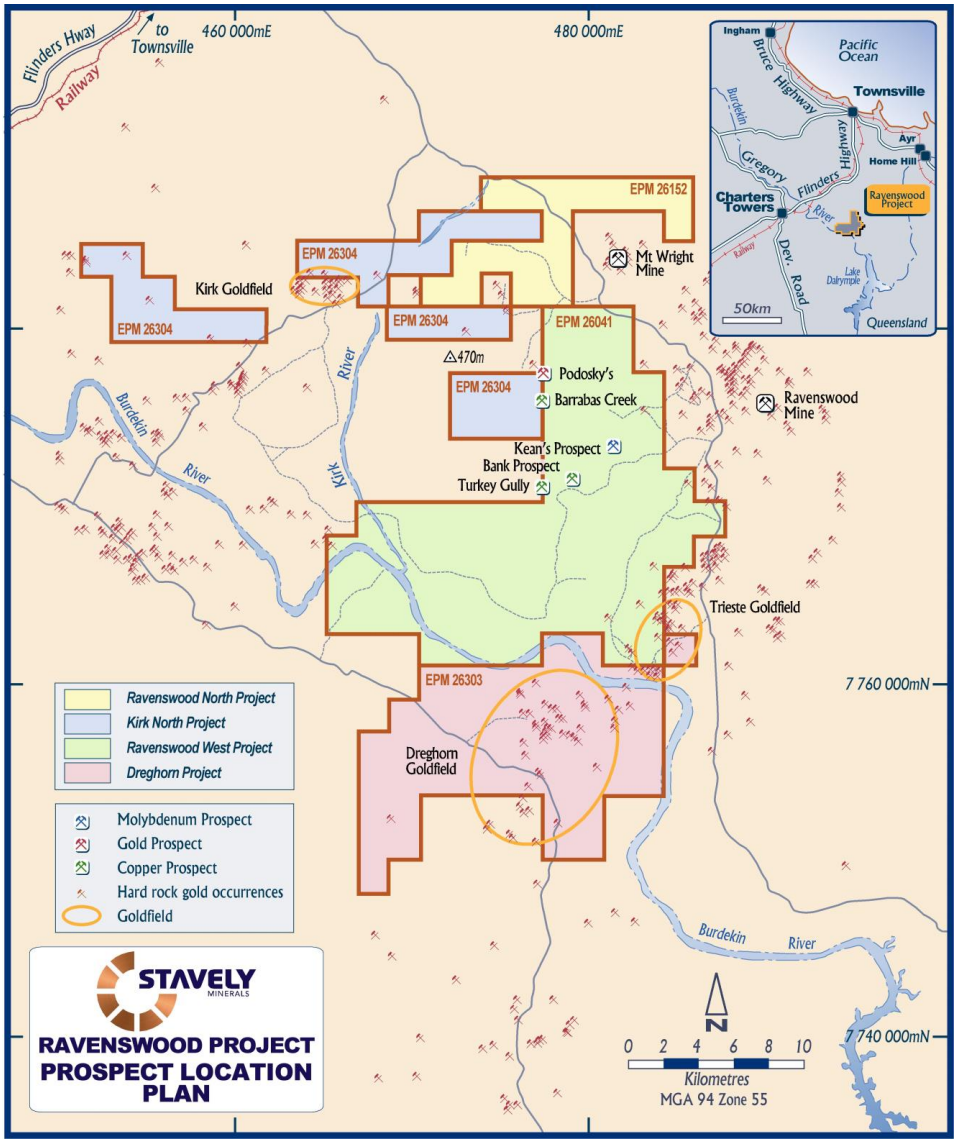

Figure 9. Ravenswood Project – prospect location plan.

Table 1 – Summary of rock chip results from key prospects, Ravenswood Project

Ravenswood Project		
Prospect	**Au g/t**	**Rock Chip Description**
Albion/Queenslander	68.3	Quartz breccia vein with disseminated euhedral
Hidden Treasure	4.05	Quartz - calcite vein
Connolly Far North	36.6	Vuggy quartz vein
Trieste Goldfield	5.54	Laminated quartz, siderite and calcite vein
	2.18	Quartz- siderite- calcite- hematite breccia vein
Kirker's Prospect	3.71	Vuggy quartz-carbonate vein
	1.88	Quartz- calcite- siderite vein
Dreghorn North	12.95	Quartz- calcite- chalcopyrite vein
Wilbers Hill	0.43	Brecciated quartz veins with weathered sulphides in float
Powerline	0.63	Quartz vein breccia with coarse decomposed sulphides
Kirk Goldfield	1.03	Copper mineralisation in epidote altered rock

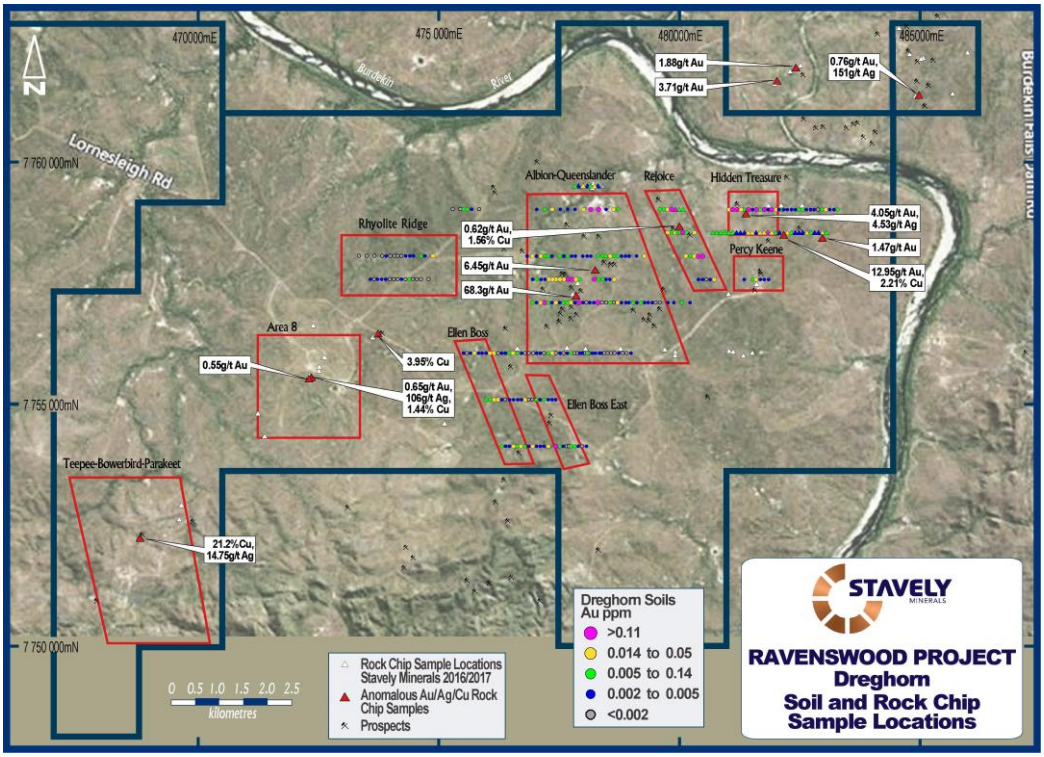

Figure 10. Ravenswood Project – Dreghorn prospect soil and rock chip sample locations.

The Hidden Treasure prospect yielded up to **4.05 g/t gold** in rock samples and **325ppb gold** in soil samples near the Hidden Treasure workings. The area is dominated by NNW and WNW trending microgranite dykes and NNW-trending quartz and siderite veins.

Ravenswood Central Prospects

At the Ravenswood Central prospects (Figure 11), rock-chip sampling has returned some very significant assay results including:

- **36.6 g/t gold** from a 5-10cm thick low-angle quartz vein at the Connolly Far North prospect;
- **5.54 g/t gold and 2.18 g/t gold** from quartz veins at the Trieste prospect;
- **3.71 g/t gold and 1.88 g/t gold** from the Kirker's prospect; and
- **0.76 g/t gold and 151 g/t silver** from the Dreghorn North prospect.

Photo 11. A. Quartz+carbonate+siderite breccia vein from Albion North, trending 357° B. Multi-generation quartz+calcite+siderite breccia vein from the Highway mine C. Quartz+galena vein. Albion workings D. Calcite+quartz vein trending 69/255°, from the Ellen Boss workings E. Stockwork quartz veins in granite and quartz-cemented granite-clast breccia from east of Rejoice. F. Sheeted quartz+calcite veins with abundant secondary copper carbonate, Percy Keene Junior workings.

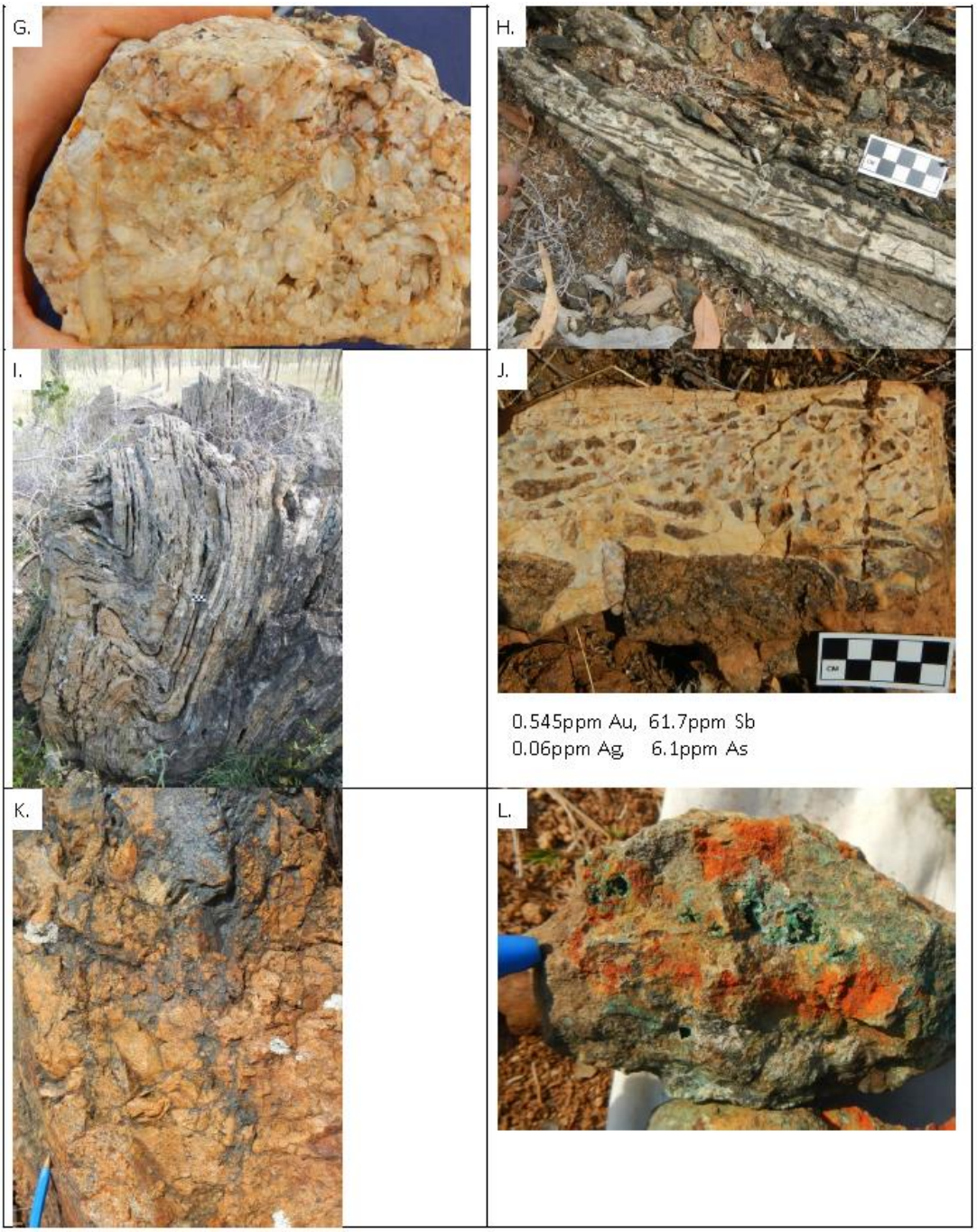

Photo 12. G. Quartz+carbonate+chalcopyrite+malachite vein with comb texture and very long quartz crystals, Percy Keene Senior H. Multi-generation en echelon calcite+quartz breccia vein trending 110° with individual vein segment trending 055°. Note lath-like clasts of quartz+chlorite-altered host rock I. Tightly folded thinly laminated cherty siltstone with sub-horizontal fold axes, verging toward the NW. Trooper Creek Formation or Dreghorn Complex? Area 8 J. Quartz+carbonate breccia vein with crustiform quartz surrounding angular clasts of rhyolite / volcaniclastic sandstone, Area 8 K. Magnetite-cemented andesite-clast breccia, Parakeet prospect L. Vuggy weathered copper-rich semi-massive sulphide containing abundant malachite and minor azurite, Bowerbird prospect.

Of particular interest, while there were a number of steep to moderate dipping quartz veins, there were also a large number of low-angle quartz veins observed at surface and in creek exposures in the Connolly North and Connolly Far North prospects (Photo 13).

Large areas of flat, platy quartz vein float could be indicative of a larger vein system similar to those at the Sarsfield and Nolans deposits at the Ravenswood Gold Mine, ~15km away.

In tributaries to Elphinstone Creek, recent reconnaissance exploration has returned very significant stream sediment assay results including 6.28 g/t gold, 1.1 g/t gold, 0.45 g/t gold and 0.42 g/t gold in an area of widespread gold anomalism but no known hard-rock workings (Figure 12).

Initial follow-up in the creek hosting the 1.1 g/t gold and 6.28 g/t gold stream sediment anomalies indicates that there is abundant red garnet in the stream and outcrop of pegmatite with large garnets was located nearby (Photo 14). It is not known if this is associated with the gold anomalism.

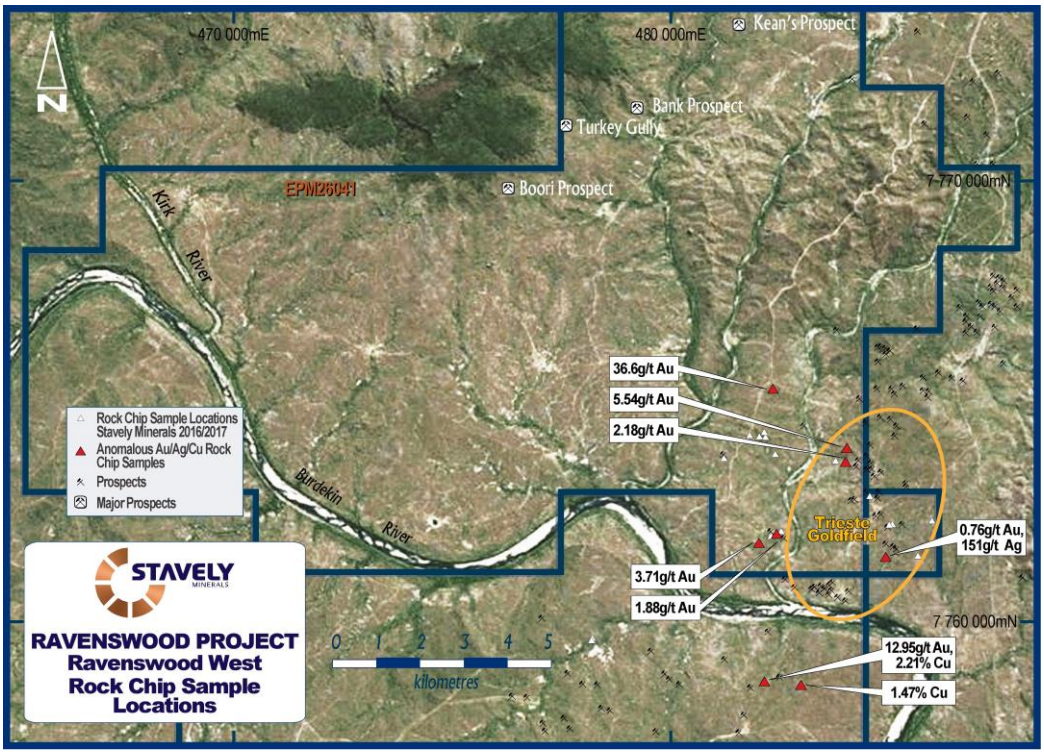

Figure 11. Ravenswood Central prospects location map.

Photo 13. Low-angle quartz vein arrays in a creek exposure in the Connolly area.

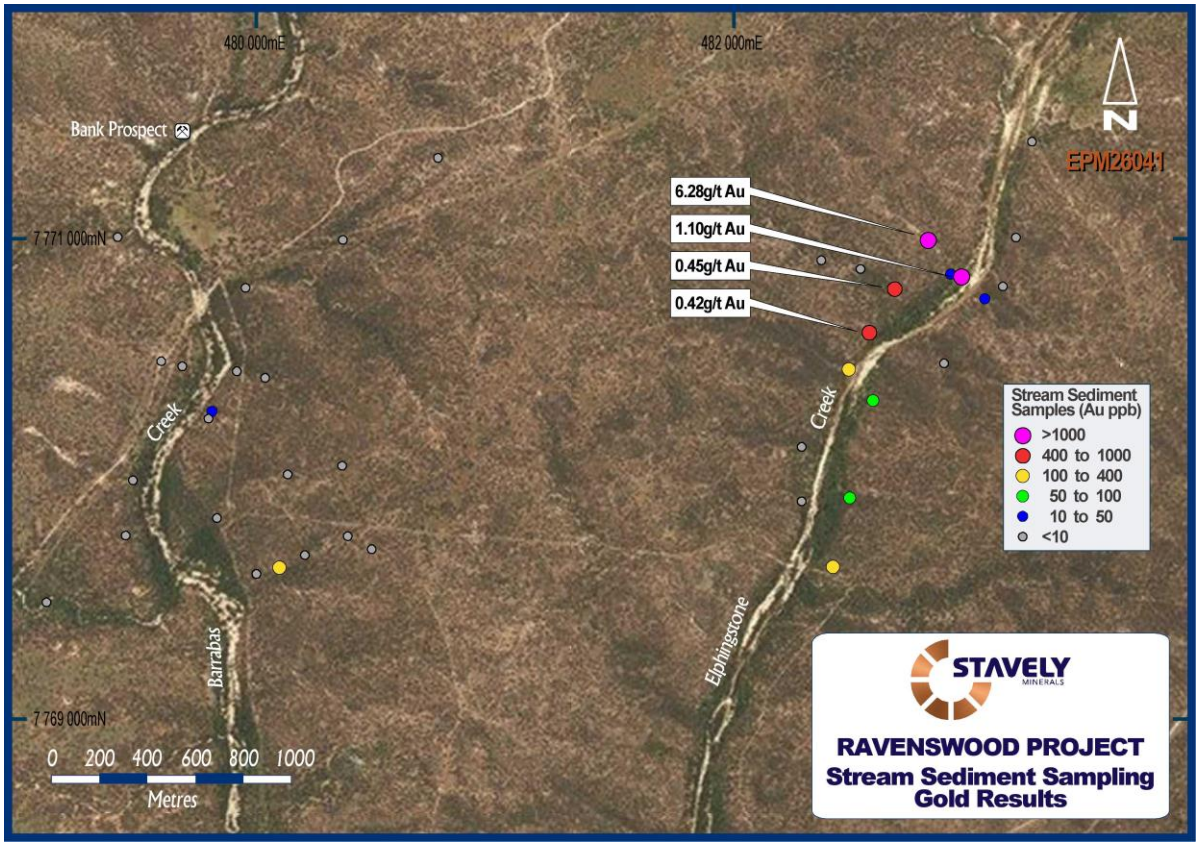

Figure 12. Gold stream sediment anomalies in the Connolly area.

Photo 14. Pegmatite with large red garnets located near gold stream sediment anomalies in the Connolly area.

Ravenswood North Prospects

Numerous significant copper, gold and silver assay results (Figure 13) have been generated from reconnaissance rock-chips including:

- 18.3% copper from Keane's porphyry copper-molybdenum prospect;
- 0.43 g/t gold and 262 g/t silver from Wilbers Hill prospect; and
- 1.03 g/t gold and 2.07% copper from Smith's prospect.

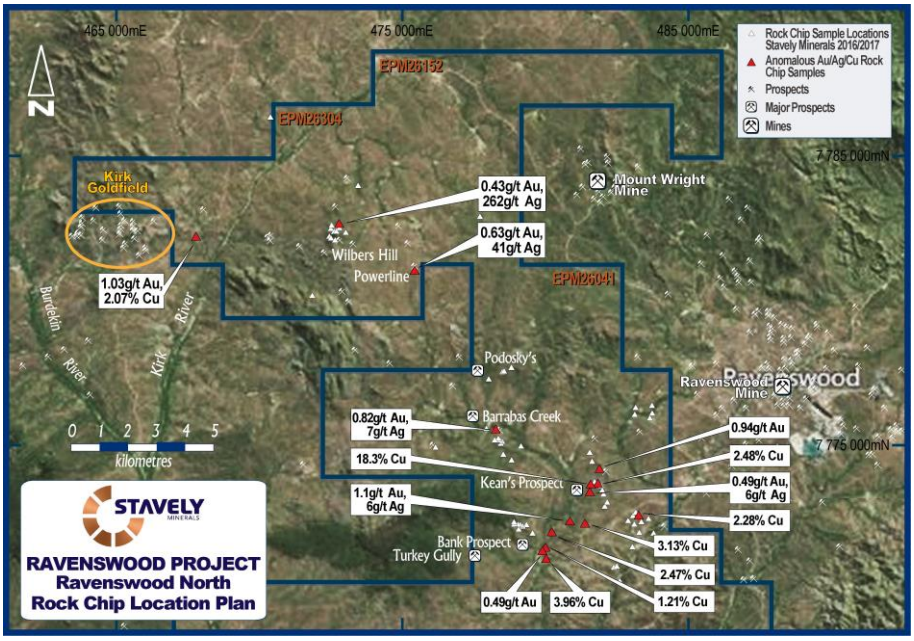

Figure 13. Significant reconnaissance rock-chip assay results from the Ravenswood North prospects.

Planned Exploration

Ararat Project (EL4758, EL3019 & EL5486)

It is anticipated that the planned drilling at the Honeysuckle gold prospect and Carroll's VMS prospect will be conducted in the second quarter of 2018.

Stavely Project (EL4556)

During the next quarter, the diamond drilling at Thursday's Gossan Copper-Gold Porphyry target will continue. Logging, processing and sampling of the recently completed diamond drill holes will be completed.

Yarram Park Project (EL5478)

During the next quarter, two diamond holes will be drilled at the Toora West porphyry to target the very large and strong IP chargeability anomaly (+50mV/V).

Ravenswood Project (EPM26041, EPM26152, EPM26303, EPM26304)

Follow-up mapping/sampling and Induced Polarisation (IP) geophysics is planned at several of the Dreghorn prospects for the second quarter of 2018.

Future work in the Connolly area will likely involve some Induced Polarisation (IP) geophysical surveying aimed at identifying a response from a higher density of quartz veins and associated disseminated sulphide halos.

Follow-up reconnaissance mapping and sampling is planned for the Ravenswood North prospects.

Significant stream sediment results in the Connolly area will be followed-up as a priority. It should also be noted that younger transported sediments of Tertiary age can shed gold into

local drainages and this will be taken into account during follow-up reconnaissance mapping and sampling.

CORPORATE

Stavely Minerals had a total of $1.09M cash on hand at the end of the December 2017 Quarter with a further $1.07M available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd.

Black Range Joint Venture

Subsequent to the end of the Quarter, the Company entered into an Earn-in and Joint Venture Agreement with Black Range Metals Pty Ltd ("Black Range" - a wholly-owned subsidiary of Navarre Minerals Limited, "Navarre Minerals") for Black Range's Exploration Licence EL5425. EL5425 is located adjacent to Stavely's Yarram Park Project and surrounds the 100%-owned Stavely Copper Project in western Victoria (Figure 1).

Key terms of the agreement include:

- Stavely Minerals may earn up to an 80% interest in EL5425 in two stages –
    - In the first earn-in stage, Stavely Minerals must sole fund $150,000 of exploration costs in the first two years to earn a 51% interest, and
    - After completion of the first earn-in stage, Stavely Minerals may elect to proceed to the second earn-in stage,
    - In the second earn-in stage, Stavely Minerals must sole fund an additional $300,000 of exploration costs in the next three years to earn an additional 29% interest,
    - After the second earn-in period, both parties are to contribute to Joint Venture expenditure on a pro-rata basis relative to their participating interest or dilute their interest in accordance with a specified formula,
    - If a participant's interest falls below 5%, that participant's interest will convert to a Net Smelter Return (NSR) royalty of 1%,
    - If a participant's interest is converted to the NSR royalty, the other participant is granted an option to redeem the NSR royalty for the payment of $200,000 within two years of the conversion,
    - All other Joint Venture terms are as per industry standard.

Exploration Development Incentive (EDI) Scheme

Subsequent to the end of the Quarter, Stavely Minerals announced that exploration credits of $422,455 (27.5% of Stavely's eligible 2016-2017 exploration expenditure of $1.536 million) will be distributed to shareholders. The entitlements to the EDI credits was based on a Record Date of Monday 22 January 2018, being 30 days prior to the issue date of Wednesday 21 February 2018. Assuming Stavely's issued capital is 122,985,569 shares, this equates to 0.3435 cents per share.

The exploration credits distributed to Shareholders will be relative to the number of shares held on the Record Date as a proportion of the total shares on issue. Shareholders will receive an Entitlement Statement from Stavely's share registry after the issue has been completed on 21 February 2018.

Based on Stavely's closing price of 32 cents per share on 18 January 2018, these credits represent a theoretical return of approximately 1.07% for eligible shareholders.

The EDI was established to enable eligible exploration companies to create exploration credits by giving up a portion of their tax losses from eligible exploration expenditure and distributing these exploration credits to equity shareholders. Australian resident shareholders that are issued with an exploration credit will be entitled to a refundable tax offset (for shareholders who are individuals or superannuation funds) or franking credits (for shareholders who are companies). Non-resident shareholders will receive the exploration credits but cannot use them. The exploration company's carry forward losses are reduced proportionately to reflect the amount of exploration credits created.

ANNOUNCEMENTS

Investors are directed to the following announcements (available at www.stavely.com.au) made by Stavely Minerals during the December 2017 Quarter and subsequently announced for full details of the information summarised in the Quarterly Report.

20/11/2017 - Thursdays Gossan - The Technical Planets Align

12/01/2018 - Thursday's Gossan - Intensive 'M' Veins Intercepted

18/01/2018 - Thursday's Gossan - Impressive Copper and Gold Assays

19/01/2018 - Record Date for Exploration Incentive Development Scheme Credits.

22/01/2018 - Queensland Exploration Update

24/01/2018 - Thursday's Gossan - Further Indications of Mineralisation

29/01/2018 - Thursday's Gossan - Diamond Drilling Update

Tenement Portfolio - Victoria

The tenements held by Stavely Minerals as at 31 December 2017 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Mt Ararat	EL 3019	21 December 1989	23
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Stavely	EL5425Z	18 December 2012	201
Yarram Park	EL 5478	26 July 2013	53
Ararat	EL 5486	10 July 2014	1
Ararat	ELA 5487	(21 June 2013)	5
Ararat	ELA6271	21 July 2016	6
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139

During the Quarter, the portion of EL3019 not covered by RL2020 was relinquished. EL3019 expired in December 2014, however exploration has been on-going by virtue of the retention licence application.

Subsequent to the end of the Quarter, Stavely Minerals assumed management of EL5425, by way of a joint venture with Navarre Minerals Limited.

Tenement Portfolio - Queensland

The tenements held by Ukalunda Pty Ltd as at 31 December 2017 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Ravenswood West	EPM26041	24 May 2016	241
Ravenswood North	EPM26152	15 September 2016	48
Dreghorn	EPM26303	23 March 2017	49
Kirk North	EPM26304	23 March 2017	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.