



**ASX Code: SVY**

**Issued Shares: 151.6M**

**Cash Balance: \$4.4M**

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ASSOCIATION OF MINING  
AND EXPLORATION COMPANIES

**2018 MEMBER**

## HIGHLIGHTS

### Exploration

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

- Drill hole SMD023 intersected:
  - 14m at 0.36% copper; and
  - 16m at 0.34% copper, including
    - 3m at 0.44% copper, 0.16 g/t gold and 9 g/t silver
  - 10m at 0.37% copper, 0.20 g/t gold and 93 g/t silver, including
    - 3m at 0.51% copper, 0.31 g/t gold and 206 g/t silverin peripherally-located mineralisation in sulphide-rich porphyry 'D' veins.
- Drill hole SMD024 intersected:
  - 3m at 1.24% copper, 0.35 g/t gold, 13 g/t silver, 2.45% zinc and 0.40% lead;
  - 13m at 0.38% copper and 4 g/t silverin polymetallic mineralisation in porphyry 'D' veins.
- Drill hole SMD024 also intersected:
  - 70m at 0.22% copper, including:
    - 3m at 1.01% copper, 0.16 g/t gold and 8 g/t silverin an interval with the copper sulphide chalcopyrite intergrown with porphyry 'M' veins below the Low-Angle Structure (LAS). This is considered significant as another drill hole, SMD017 which also intersected 'M' veins below the LAS on the adjacent section to the south, had very few sulphides intergrown with the 'M' veins.
- Hole SMD031, drilled to test a magnetic feature in the northern portion of Thursday's Gossan, intersected +45m (in two intervals) of hydrothermal breccia with hematite altered porphyry clasts hosting magnetite and trace bornite mineralisation.
- Drill hole SMD032 intersected high-grade high-sulphidation style epithermal copper-gold mineralisation including:
  - 63m at 0.84% copper and 0.11 g/t gold, including:
    - 6m at 6.73% copper, 0.84 g/t gold and 15 g/t silver, and
      - 1m at 22.8% copper, 0.91 g/t gold and 48 g/t silver, and
    - 2m at 2.43% copper, 0.28 g/t gold and 4.9 g/t silver.
- The character of the mineralisation in SMD032 is massive to semi-massive sulphide with pyrite-chalcopyrite-bornite-covellite and late hypogene chalcocite. It is interpreted to represent the basal portion of a high-sulphidation epithermal system with the potential to target this system at shallower levels.

- Site review completed by respected porphyry expert Dr Greg Corbett, including an examination of all the diamond holes completed since his previous visit in May 2018, continues to strongly support Stavely's targeted approach of attempting to identify the continuation of the upper plate 'M' vein package below the LAS and west of the North-South Structure (NSS).

## **Stavely Project, Western Victoria**

- Subsequent to the Quarter, Stavely Minerals was granted the right to apply for Block 3 in the Victorian Government's Stavely Ground Release Tender further consolidating the Company's dominant tenure position in the Stavely Volcanic Arc of western Victoria.

## **Corporate**

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- \$4.4M cash on hand as at 30 September 2018.
- \$0.32M available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd.

## OVERVIEW

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Stavely Minerals continued to focus exploration efforts in western Victoria during the September Quarter, with two diamond rigs drilling at the Thursday's Gossan porphyry target in the Stavely Project (Figure 1). In addition, field reconnaissance and soil sampling were conducted at the Connolly North and Area 8 prospects in the Ravenswood Project in north Queensland (Figure 2).

During the Quarter, Stavely Minerals continued with the strategy of systematic drilling to target the hotter part of the mineralised porphyry system at Thursday's Gossan, where higher-grade copper and significantly higher-grade gold are expected to be located.

More specifically, the drilling is targeting the porphyry 'M' veins below the LAS and to the west of the NSS. Effectively, two-hole sections targeting this position below the LAS include (from south to north) SMD032 / SMD033, SMD017 / SMD026, SMD024 / SMD028, SMD035 / SMD036, SMD037 / SMD038 and SMD039 / SMD040. As the porphyry 'M' veins intercepted by drill holes SMD017 and SMD024 on the east side of the NSS are expected to be offset laterally by the NSS, the drill prospecting is intended to identify geologic, hydrothermal alteration and mineralogy along this north-south corridor indicating where the hotter part of the system is located before coming back into the hottest zone and drilling at depth to locate the porphyry core. Currently, and consistent with this strategy, drill hole SMD041 is in-progress behind SMD036 which had intercepted porphyry 'M' veins on the west side of the NSS.

While assay results for the recent drill holes have not yet been received, there has been an observed increase in minerals and sulphide species indicating the lateral offset on the NSS is west side to the north resulting in a dextral sense of strike-slip movement and an unknown, but probably not significant, vertical offset. This dextral offset is considered a result of the post-mineralisation Devonian compressional stress regime, oriented NNE to SSW.

After 500 million years, Mother Nature (or whatever the politically correct equivalent may be) has had plenty of time to 'move the furniture around downstairs', complicating our search for the main part of the porphyry but after having chased it across two major structures, it is unlikely that further complications are going to greatly impede that search.

Drill hole SMD031, drilled to test a magnetic feature in the northern portion of the Thursday's Gossan prospect has intersected +45m of hydrothermal breccia (in two intervals) with hematite-altered porphyry clasts hosting magnetite and trace bornite mineralisation. While the breccia intervals are not well mineralised the footwall zones to the west of both breccia intervals do host copper mineralisation and patchy gold mineralisation, including 16m at 0.18% copper from 109m drill depth and 61m at 0.16% copper from 164m drill depth, including 1m at 2.37% copper, 0.52 g/t gold and 29 g/t silver.

Drill hole SMD024, intersected 70m at 0.22% copper, including 3m at 1.01% copper, 0.16 g/t gold and 8 g/t silver in porphyry 'M' veins where the magnetite was intergrown with the copper sulphide chalcopyrite. This is the most encouraging incidence of porphyry 'M' veins below the LAS, as the 'M' veins in SMD017 on an adjacent section to the south had very little sulphides intergrown with the laminated 'M' veins and was interpreted to have formed in an environment

not hot enough for copper sulphide precipitation / mineralisation. Consequently, the porphyry 'M' veins in SMD024 are considered to have formed in hotter conditions than those in SMD017.

The occurrence of chalcopyrite intergrown with the 'M' veins in SMD024 and the hydrothermal breccia in SMD031 have provided encouragement to continue drilling in areas to the north-west where there has been no previous drilling. Drill holes SMD035 through to SMD040 were drilled to prospect along the NSS in the northern portion of the Thursday's Gossan prospect to find the best / hottest occurrence of 'M' veins below the LAS. Drill hole SMD036 intercepted a very encouraging occurrence of 'M' veins below the LAS and to the west of the NSS. Other targets of great interest are being logged / sampled in the meantime.

Drill hole SMD032 intersected a significant zone of high-sulphidation, high-grade epithermal style mineralisation with results including 6m at 6.73% copper, 0.84 g/t gold, and including 1m at 22.8% copper and 0.91 g/t gold. The character of the mineralisation is massive to semi-massive sulphide with pyrite-chalcopyrite-bornite-covellite and late hypogene chalcocite sulphides. It is interpreted to represent the basal portion of a high-sulphidation epithermal system. There is clear potential to target this system at shallower levels. High-sulphidation epithermal systems are higher-level porphyry-related mineralised systems that can be very significant copper-gold deposits in their own right. The occurrence of high-sulphidation style mineralisation at a depth of some 540m below surface, and below the level of porphyry 'M' veins intersected in drill holes located on nearby sections to the north, adds further credence to the potential for a 'telescoped' mineralisation model where early porphyry-style copper-gold mineralisation could be overprinted and enriched by later high-sulphidation style copper-gold mineralisation.

In September, porphyry expert Dr Greg Corbett visited the Stavely Project for three days to review all drill holes completed at Thursday's Gossan since his previous visit in May 2018. Dr Corbett's report has been posted on the Stavely Minerals' website under Projects - Technical Data. Dr Corbett concluded that there were many features which suggest the crustal level tested by the current drill programme lies above any speculated porphyry intrusion. These features include:

- Propylitic hydrothermal alteration dominated by epidote within the wall rocks, and actinolite-magnetite within veins such as the 'M' veins. This alteration appears to overprint the regional scale phyllic-argillic alteration from an earlier phase porphyry.
- Abundant aplite dykes which locally evolve to form quartz vein-bearing 'A'-'M' vein-dykes.
- Epidote veins overprint aplite dykes and some quartz-sulphide veins, which should be have been introduced earlier in the paragenetic sequence, indicating that the intrusion system displays a poly-phasal character considered important for the formation of economic porphyry copper-gold mineralisation.
- Porphyry-style veins expected to have formed at a low temperature in an elevated crustal setting include wall rock hosted linear porphyry 'A' style veins with irregular margins and watery quartz as well as commonly sheeted, laminated 'M' style porphyry veins.
- Abundant porphyry pyrite-chalcopyrite 'D' veins include some that have evolved to take on a higher-sulphidation mineralogy.

- Some porphyry 'A' veins in DDH SMD026 with pyrite-chalcopyrite evolve to host low sulphidation carbonate-base metal Au style vein mineralisation characterised by pale Fe-poor sphalerite, and therefore formed at a low temperature in an elevated crustal setting.

On 22 October, Stavely Minerals was informed by Minerals Development Victoria that it had been granted the right to apply for Block 3 in the Victorian Government's Stavely Ground Release Tender (Figure 1). Block 3 is located adjacent to the Company's existing tenement holding at the Stavely copper-gold project and further consolidates Stavely Minerals' dominant tenure position in the Stavely Volcanic Arc of western Victoria. Block 3 covers the Elliot and Narrapumelap arc segments, interpreted to be structurally dislocated and rotated northern extensions of the Bunnugal and Stavely arc segments respectively.

Stavely Minerals has a high degree of confidence in the potential for these belts to host porphyry, VMS and epithermal copper-gold mineralisation given the demonstrated occurrences in the known Stavely Arc controlled by the Company.

On 13 and 14 August, Stavely Minerals held community information days in Ararat and Glenthompson, respectively. The information sessions offered landholders, members of the community and any other interested parties the opportunity to hear about Stavely Minerals' exploration activities in the area and ask any questions they had.



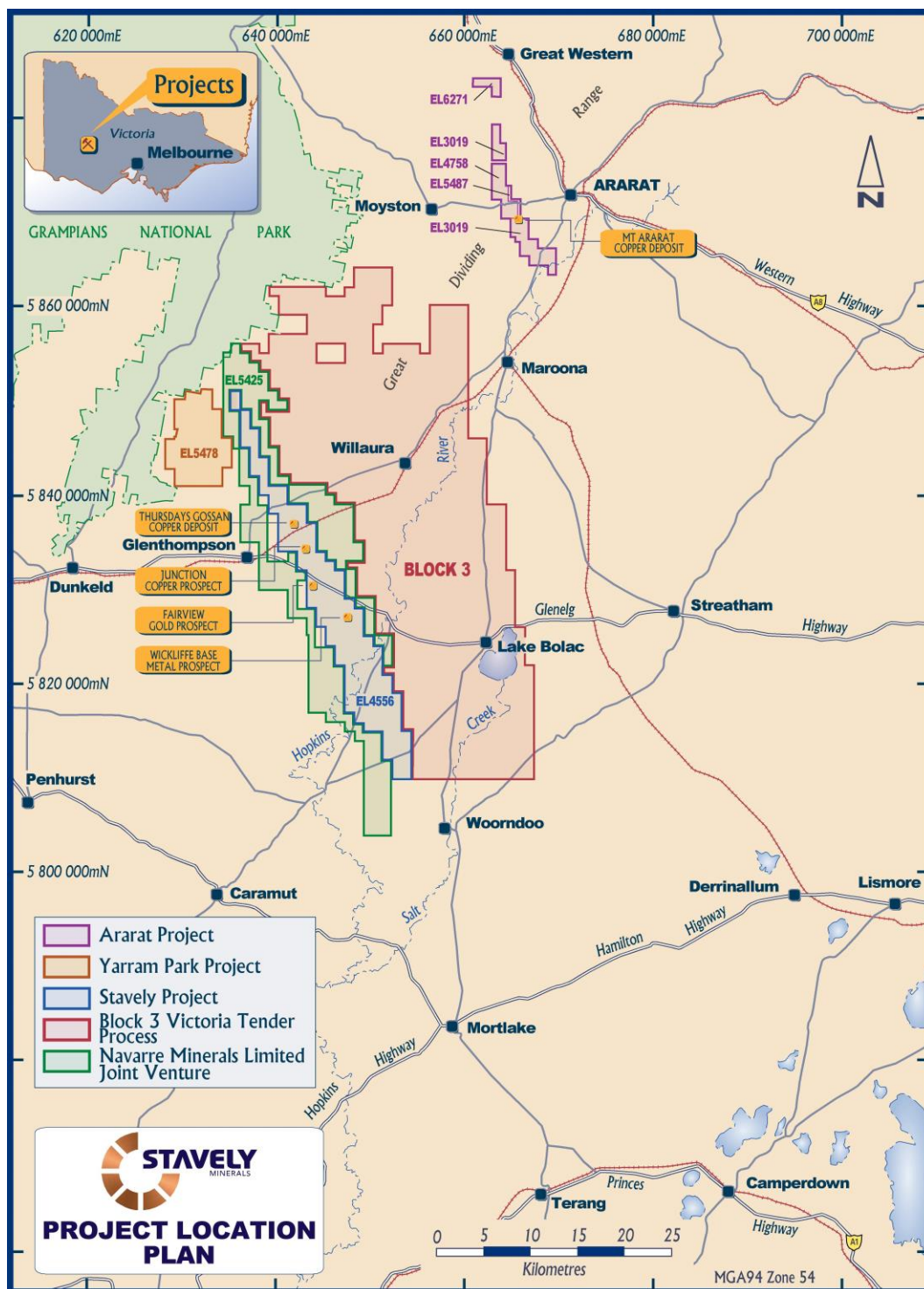


Figure 1. Western Victoria Project location plan.

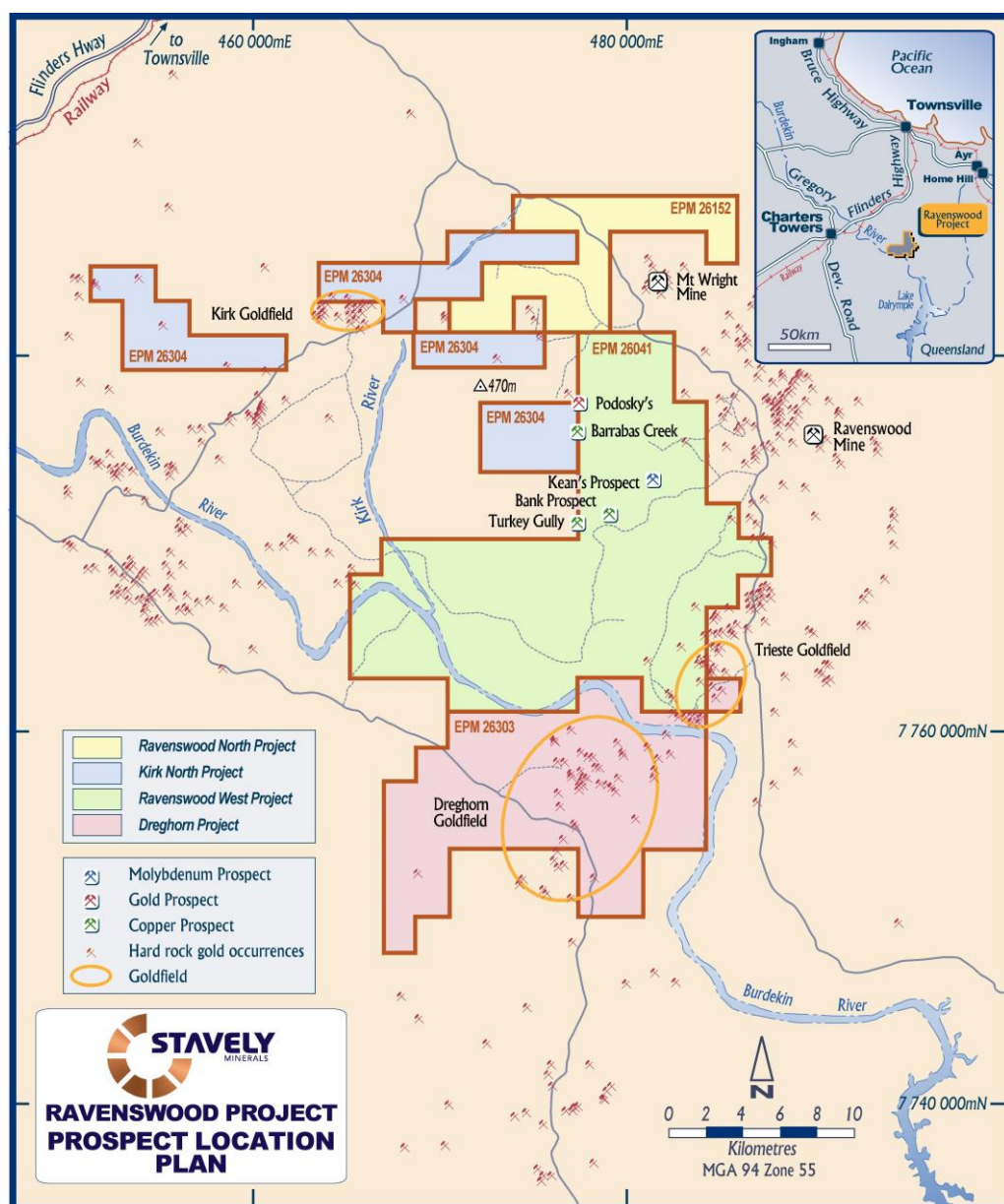


Figure 2. Ravenswood Project location plan.

## EXPLORATION

### Stavely Project (EL4556)

#### Thursday's Gossan Prospect

During the September Quarter, and subsequent to those holes reported on in the June Quarterly, twelve diamond drill holes, SMD029 to SMD040, inclusive were completed for a total of 5,638.6m (Figure 3). Two diamond drill rigs were operating at the Thursday's Gossan Prospect during the Quarter.<sup>1</sup>

<sup>1</sup> This can be confirmed by the drone flown over the operating rigs and the shareholder who entered private property without permission or protective clothing and tried to question one of our drillers during the Quarter – you put yourself and our people / contractors in harm's way by distracting them from rapidly moving / rotating machinery, stop it please.



Drill hole SMD029 had to be wedged (SMD029W) due to drilling problems in the original hole. Drill hole SMD030 failed and subsequently SMD031 was drilled in the opposite direction targeting the same magnetic feature. Drilling issues also resulted in drill hole SMD033 being abandoned at 121m and the subsequent redrilled hole SMD034 also failed to reach the target depth in broken ground.

Assay results for diamond holes SMD019, SMD026, SMD031, SMD032 and the outstanding portion of SMD020 were received during the Quarter.

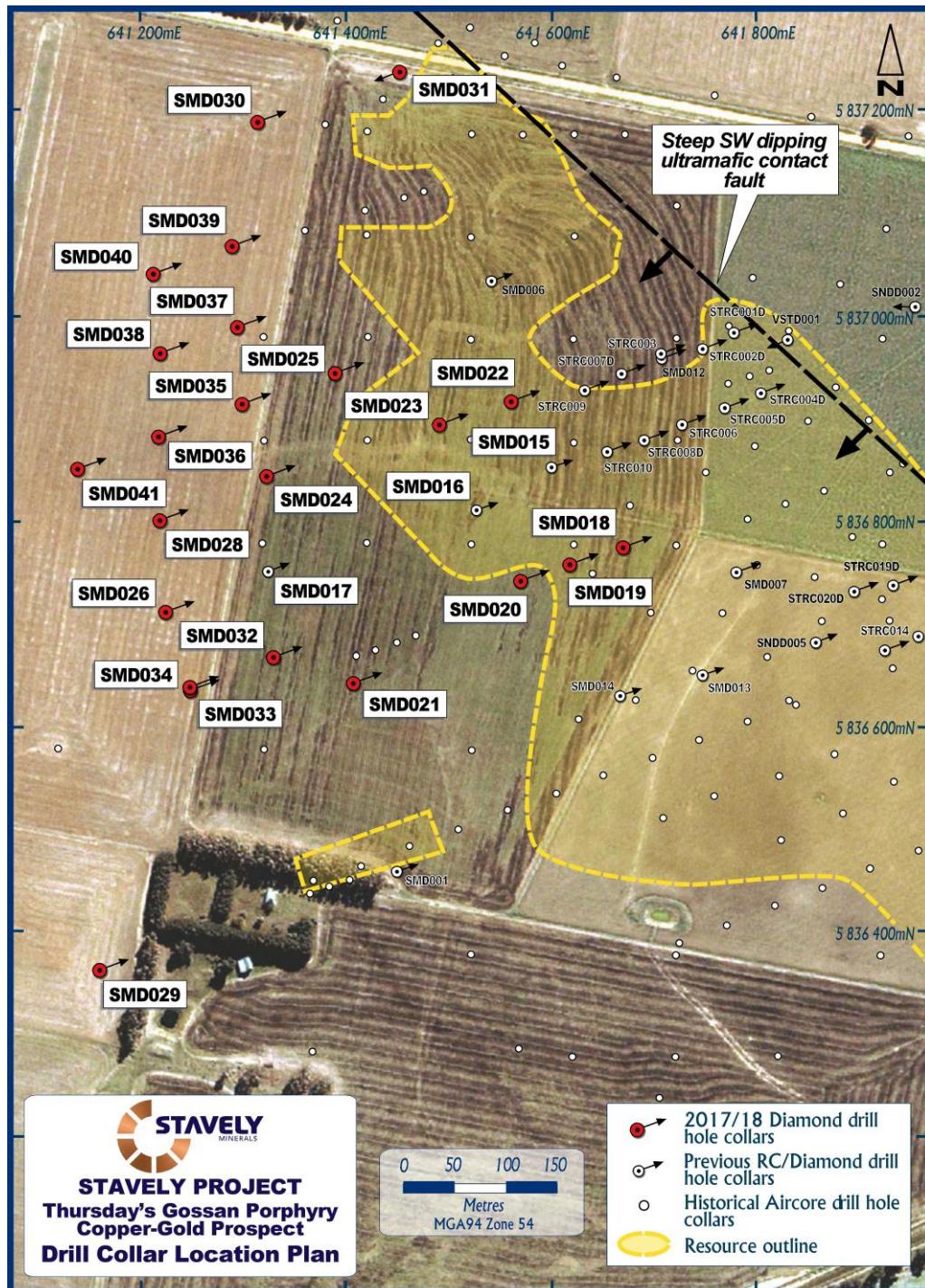


Figure 3. Thursday's Gossan drill hole location plan.



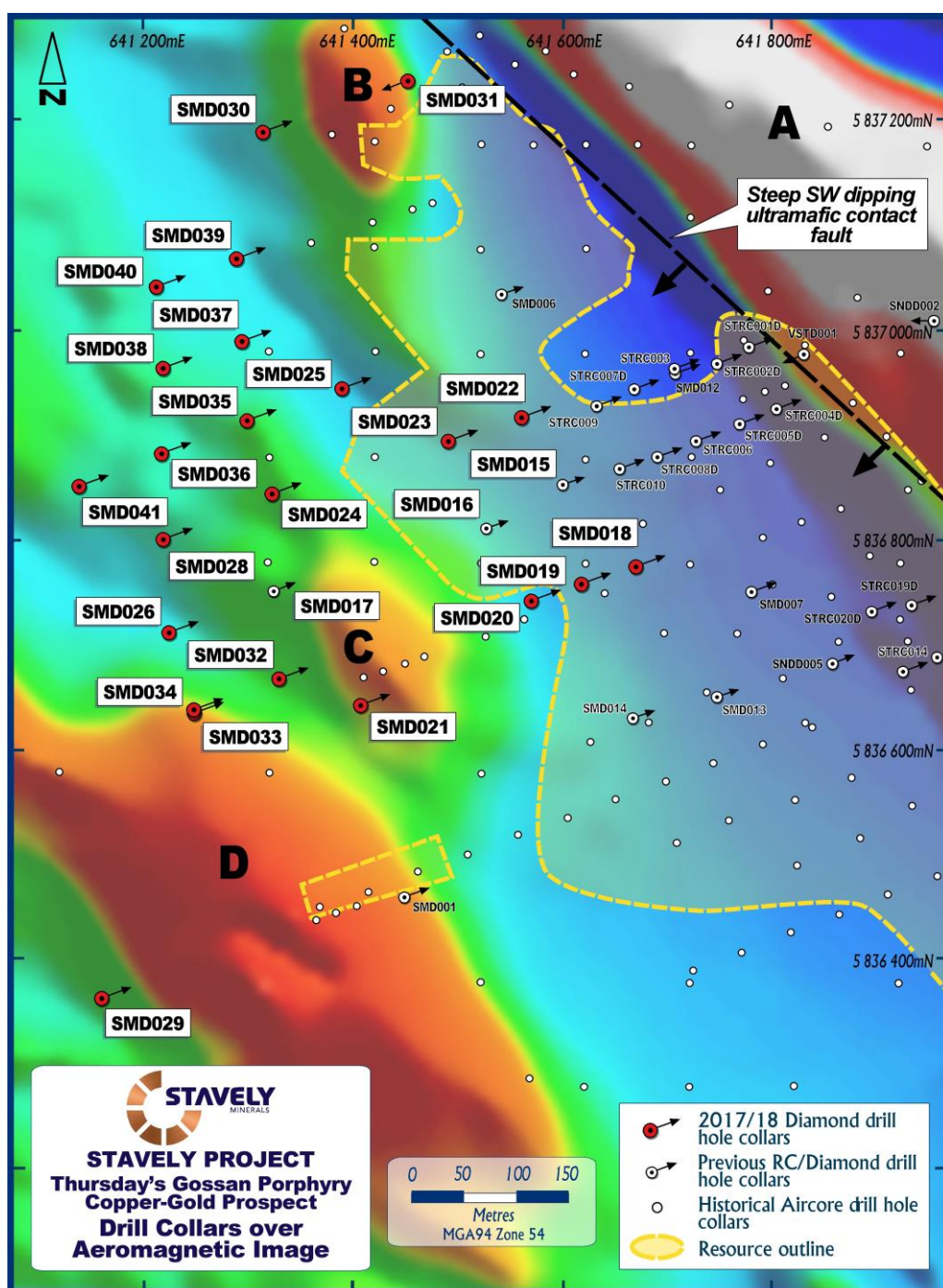


Figure 4. 1VD magnetic image of the area of interest at Thursday's Gossan with drill collars overlaid. Magnetic features of note annotated A to D.

A review of the interval in SMD024, where the 'M' vein interval coincides with copper mineralisation (Figure 5) including:

- **70m at 0.22% copper**, including:
  - **3m at 1.01% copper, 0.16 g/t gold and 8 g/t silver**

has identified chalcopyrite copper sulphide inter-grown with the 'M' veins (Photo 1).

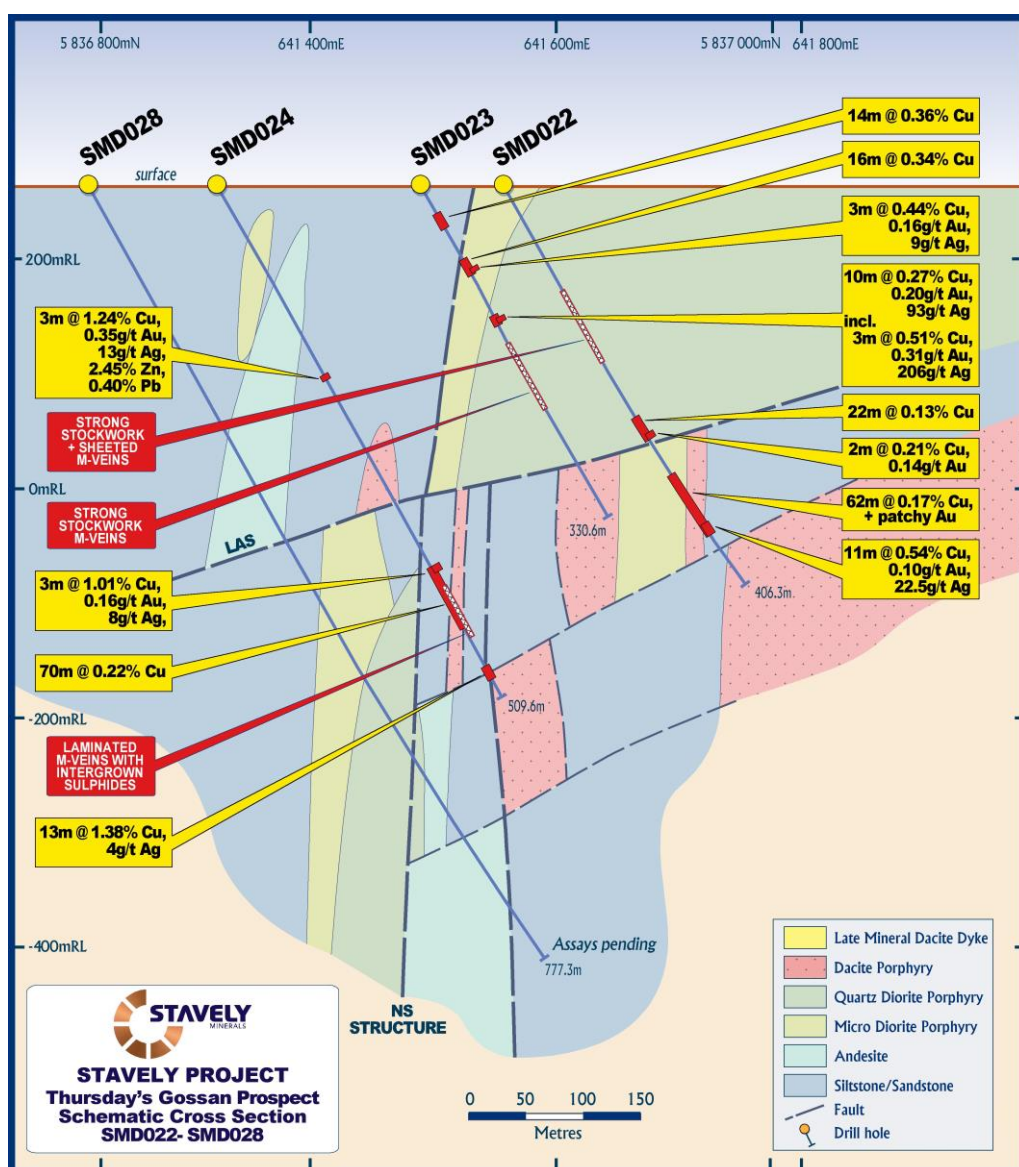


Figure 5. Drill section including SMD023 and SMD024.

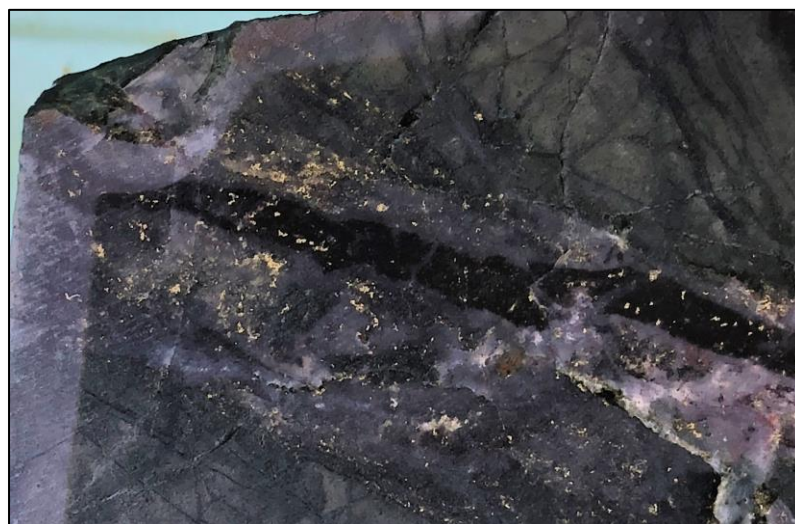


Photo 1. SMD024 porphyry 'M' vein with intergrown chalcopyrite.



Hole SMD026 was drilled to test below the 'M' vein intercept in SMD017. The SMD017 'M' vein intercept was located below the LAS and east of the NSS (Figure 6).

While SMD026 did not intersect a significant 'M' vein interval, it did encounter zones of strong copper-gold mineralisation including:

- **1m at 5.68 g/t gold from 228m drill depth**
- **28m at 0.21% copper and 0.27 g/t gold from 355m drill depth, including;**
  - **6m at 0.25% copper and 0.61 g/t gold; and**
- **9m at 0.35% copper and 0.11 g/t gold**
- **1m at 1.09% copper and 4.6 g/t silver from 457m drill depth**
- **6m at 0.60% copper, 0.30 g/t gold from 575m drill depth**
- **1m at 2.32% copper, 0.80 g/t gold and 16.4 g/t silver from 628m drill depth**

The **1m at 5.68 g/t gold** intercept was associated with minor quartz-galena-sphalerite veins and could be interpreted as a more distal base-metal/precious metal style of mineralisation. Its location at shallow depth above the LAS so far west is of particular note.

The **28m at 0.21% copper and 0.27 g/t gold** intercept is of interest, not only because it occurs above the LAS, but also because it appears to be associated with the occurrence of both anhydrite (sulphate) and quartz-pyrite-chalcopyrite (sulphide) veins.

Of note within this intercept is that the copper and gold mineralisation does not directly correlate as demonstrated by the gold-rich interval of **6m at 0.25% copper and 0.61 g/t gold** from 363m drill depth and the copper-rich interval of **9m at 0.35% copper and 0.11 g/t gold** from 372m drill depth.

This suggests that the copper and gold mineralising events were at least partially separate events. The significance of a more gold dominant phase of mineralisation is, as yet unknown but could be a very positive development.

Anhydrite is common in porphyry systems, can be associated with meaningful copper-gold mineralisation, and can occur throughout different alteration zones but is commonly found later in the evolution of the system.

The **6m at 0.60% copper and 0.30 g/t gold** intercept from 575m drill depth is located east of the NSS and occurs in conjunction with arsenic and antimony anomalism and therefore has an epithermal (lower temperature) geochemical character.

This adds to previous observations that there is potential for significant 'telescoping' of late cooler phases of copper-gold mineralisation over earlier hotter phases of mineralisation. This is a potentially positive feature as many of the highest-grade copper-gold porphyry deposits display this attribute.

Drill hole SMD030 was drilled to test magnetic feature 'B' (Figure 4). This hole failed at a depth of 109.4m due to poor ground conditions. The rig was turned around to drill in the opposite direction, with drill hole SMD031 testing the same magnetic feature.



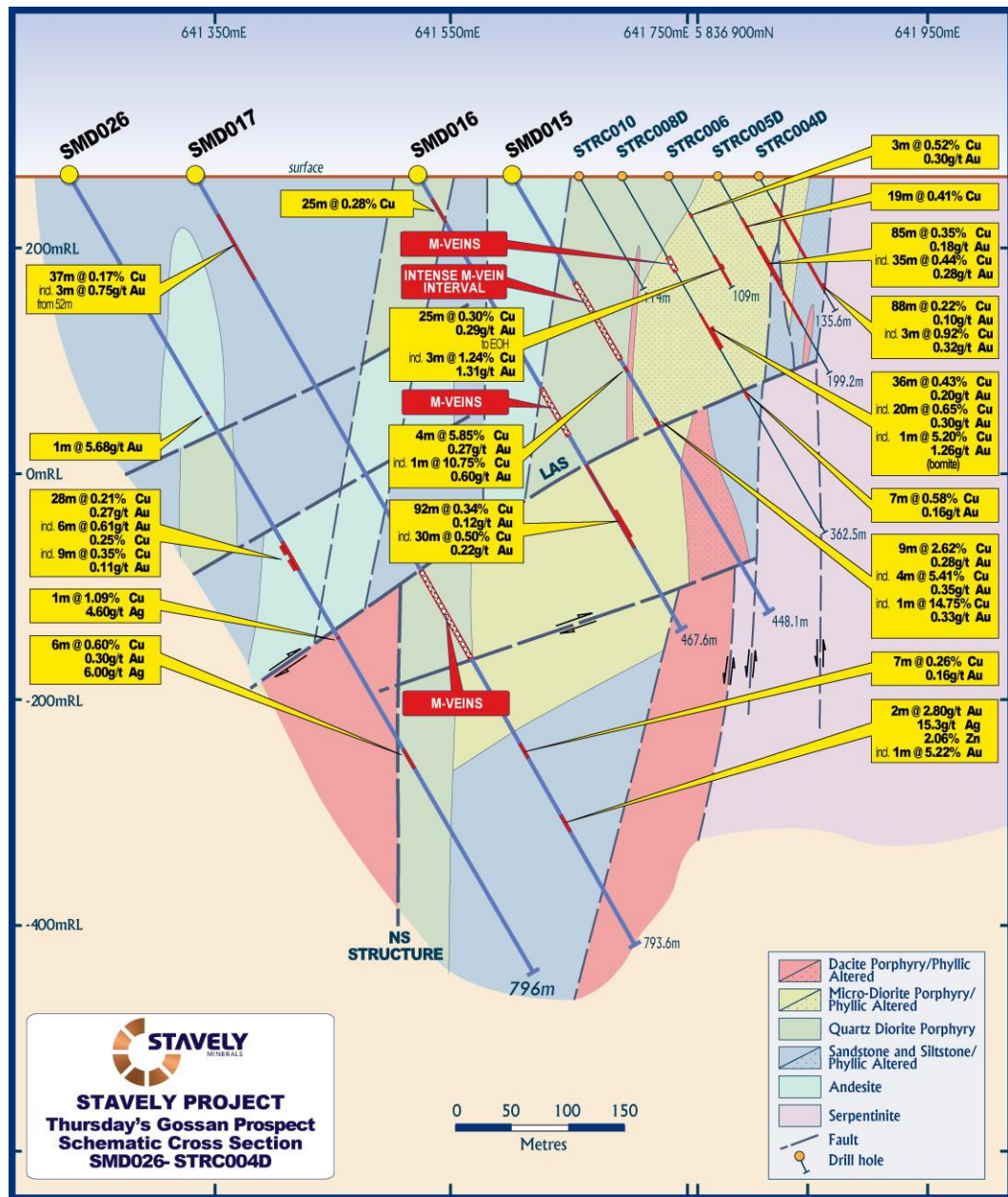


Figure 6. SMD026 cross-section.

SMD031 intersected variable magnetite altered siltstone/sandstone cross-cut by two hydrothermal breccia units from 73m to 108.7m and 152.4m to 162.5m (Figure 7). The hydrothermal breccia is comprised of rounded to sub-angular clasts of siltstone, sandstone, micro-gabbro, micro-diorite, andesite, hematite-altered dacite porphyry and hematite-altered quartz diorite porphyry (Photos 2 & 3).

Rare bornite, chalcopryite and chalcocite occur disseminated within the breccia matrix and within clasts. Disseminated magnetite alterations occurs within the breccia matrix and clasts. The LAS was intersected at 252.9m. Sandstone and porphyritic andesite was intersected below the LAS down to end-of-hole at 409.5m.

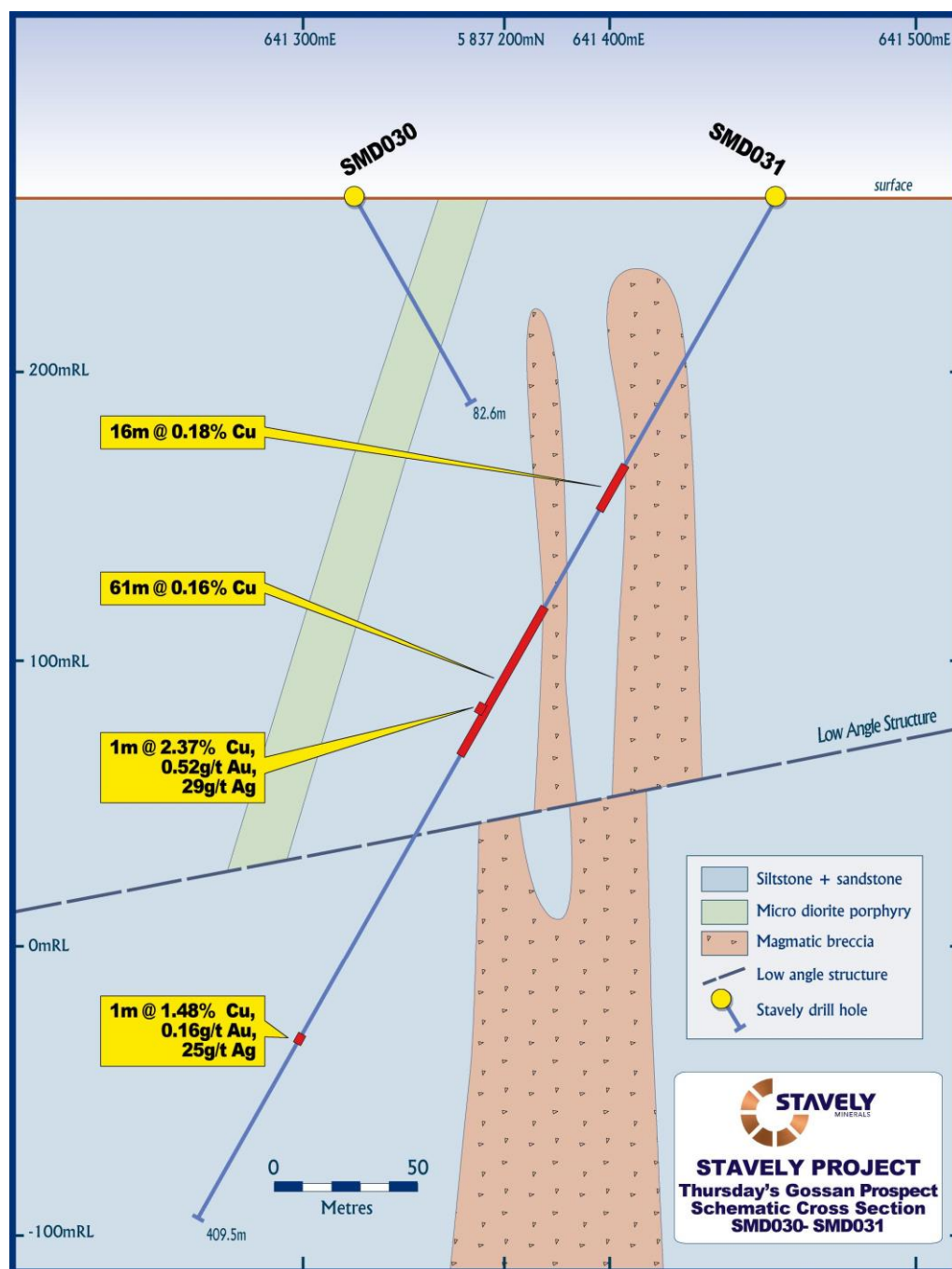
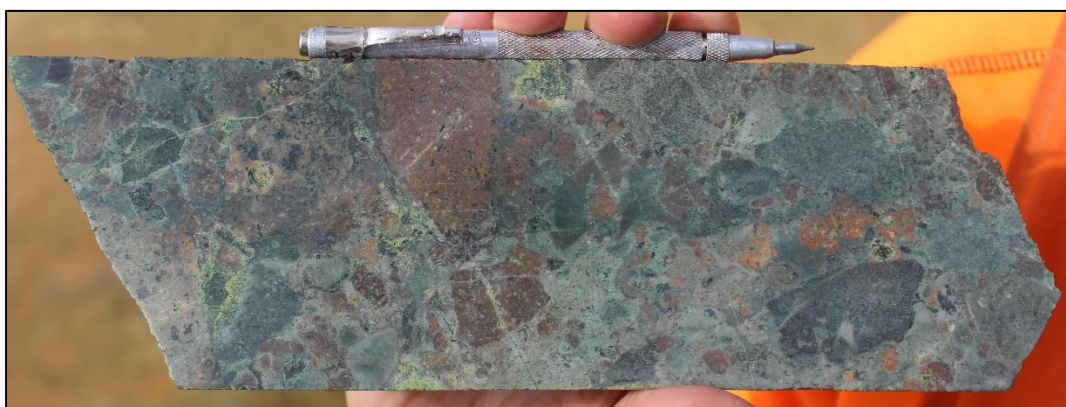


Figure 7. SMD031 Cross-section.



**Photo 2. Hydrothermal breccia with bornite in clast at 80m.**



**Photo 3. Hydrothermal breccia at 82m.**

Of note is that the breccia intervals are not well mineralised while the footwall zones to the west of both breccia intervals do host copper mineralisation and patchy gold mineralisation including:

- 16m at 0.18% copper from 109m drill depth
- 61m at 0.16% copper from 164m drill depth, including
  - 1m at 2.37% copper, 0.52 g/t gold and 29 g/t silver, and
  - 1m at 1.48% copper, 0.16 g/t gold and 25 g/t silver

Of significance is that, while the broad copper-gold mineralisation is low-grade, it is associated with epidote-magnetite-actinolite patches where chalcopyrite is intergrown with the magnetite. This alteration assemblage is interpreted to reflect a higher temperature inner-propylitic style of alteration validating the progression of drilling to the north.

SMD032 intersected strongly magnetic intrusive dacite and zones of extremely strong magnetite dissemination in sandstone – all above the LAS – and adequately explained the aeromagnetic anomaly 'C' (Figure 4). The drill hole was continued to test the area at depth on the east side of the NSS.



On the east side of the NSS, the drill hole intersected the target quartz diorite porphyry but not the target 'M' veins. On the contact with a dacite porphyry, the hole encountered a significant interval of basal high-sulphidation copper-gold-silver mineralisation, including:

- 63m at 0.84% copper and 0.11 g/t gold from 517m, including:
- 6m at 6.73% copper, 0.84 g/t gold and 15 g/t silver from 538m, including:
  - 1m at 22.8% copper, 0.91 g/t gold and 48 g/t silver, and
  - 2m at 2.43% copper, 0.28 g/t gold and 4.9 g/t silver from 551m

The high-grade copper intercepts of 6m at 6.73% copper and 2m at 2.43% copper are separated by a late mineral dacite dyke that possibly intruded into and destroyed some 7m of high-grade copper-gold mineralisation between the current intercepts.

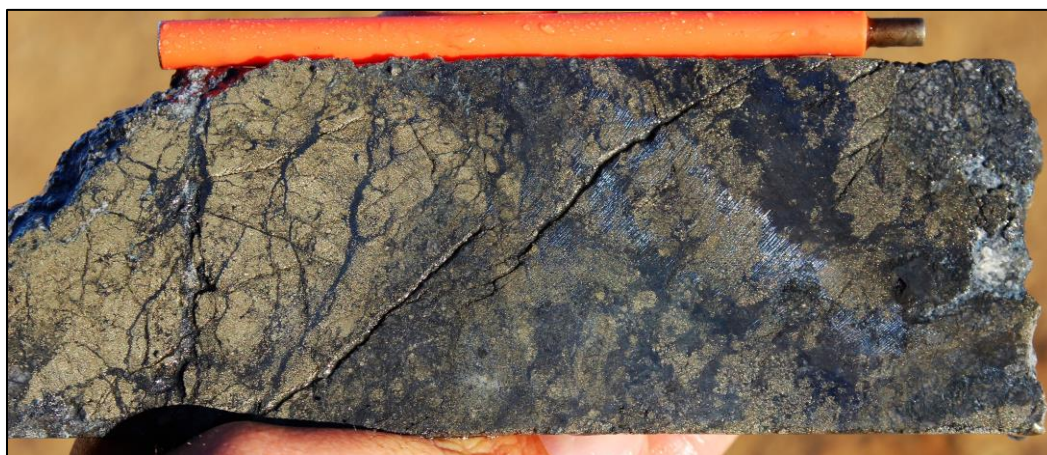
Given the late network veining of chalcocite in the very high-grade interval of 1m at 22.8% copper, 0.91 g/t gold and 48 g/t silver, it is also possible that the late dacite dyke has remobilised and enriched the copper mineralisation in this interval.

The character of the mineralisation is massive to semi-massive sulphide with pyrite-chalcopyrite-bornite-covellite and late hypogene chalcocite (Photo 4) and is interpreted to represent the basal portion of a high-sulphidation epithermal system. There is clear potential to target this system at shallower levels. While this style of mineralisation has been intersected previously, the geometry and true thickness of the mineralisation is not known.

High-sulphidation epithermal systems are higher-level porphyry-related mineralised systems that can be very significant copper-gold deposits in their own right – examples globally include Lepanto (Philippines), La Coipa (Chile) and El Indio (Chile).

The occurrence of high-sulphidation style mineralisation at a depth of some 540m below surface, and below the level of porphyry 'M' veins intersected in drill holes located on nearby sections to the north, adds further credence to the potential for a 'telescoped' mineralisation model where early porphyry-style copper-gold mineralisation could be overprinted and enriched by an overprint of later high-sulphidation style copper-gold mineralisation.

Examples would include Yanacocha (Peru), Tampakan (Philippines), Hugo Dummett (part of Oyu Tolgoi) (Mongolia), Wafi-Golpu (PNG) and Resolution (Arizona).



**Photo 4. Basal high-sulphidation pyrite-chalcopyrite-bornite-covellite-chalcocite mineralisation from 542.5m – note the chalcocite occurs as late network veins within the more massive sulphides.**

Drill hole SMD029 was drilled to target magnetic feature 'D' on Figure 4. Due to drilling issues the hole had to be wedged at a depth of 384.7m and continued as hole SMD029W. Numerous zones of broken and fractured ground with moderate intensity epidote veining, magnetite-pyrite – trace chalcopyrite veins and quartz+magnetite+pyrite+actinolite veins were encountered in the andesite, sandstone and siltstone to a depth of 384.7m. From where the wedged portion of the hole started to the LAS at 530m, drilling encountered predominately diorite porphyry and andesite with variable chlorite-sericite alteration. Below the LAS to the end of the hole at 837.5m, drilling encountered chlorite-sericite altered sandstone/siltstone and andesite with quartz-molybdenum-chalcopyrite and anhydrite+quartz veins.

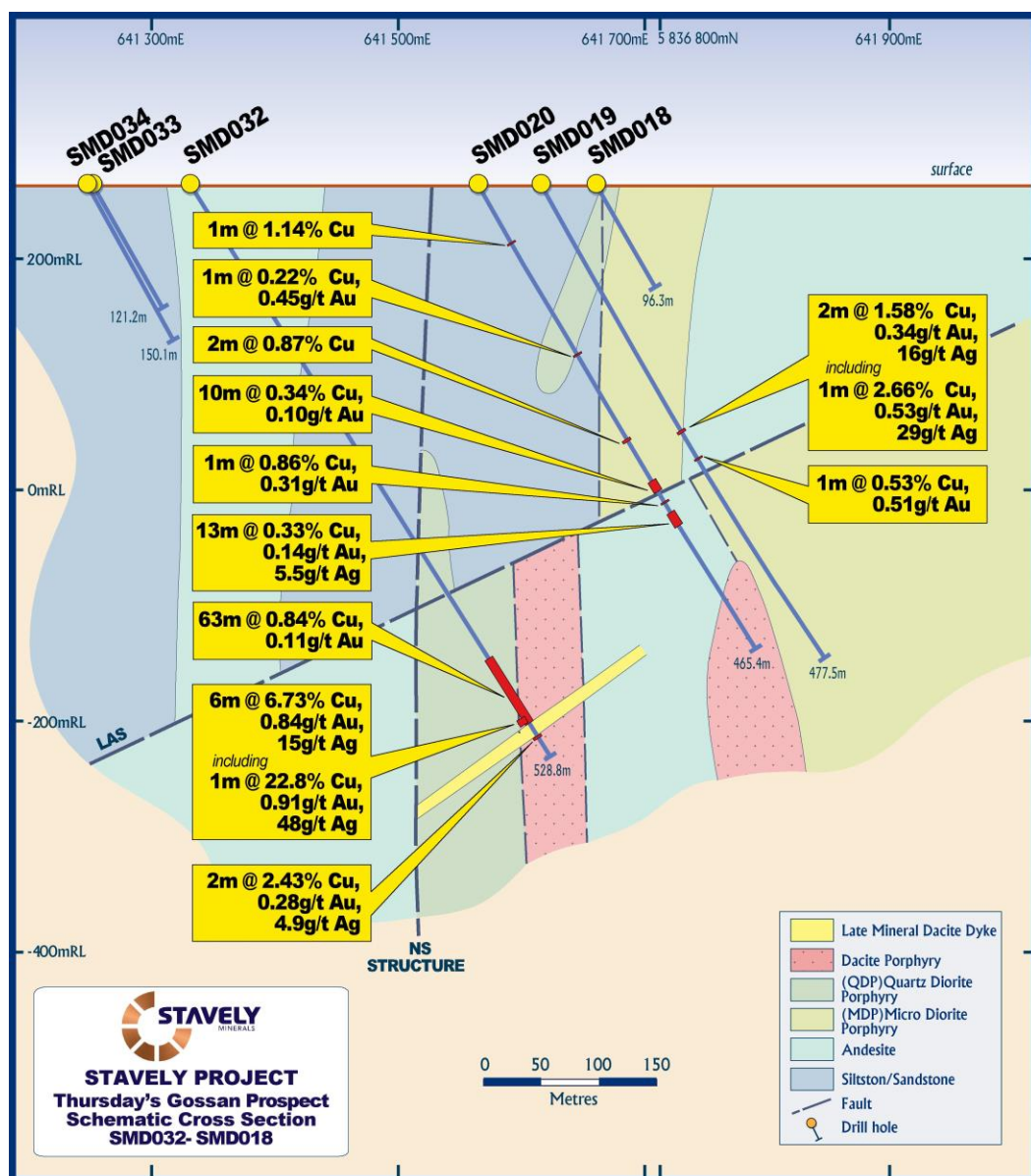


Figure 8. SMD032 Cross-section.

Drill holes SMD033 and SMD034 did not reach planned depth and failed due to poor ground conditions.

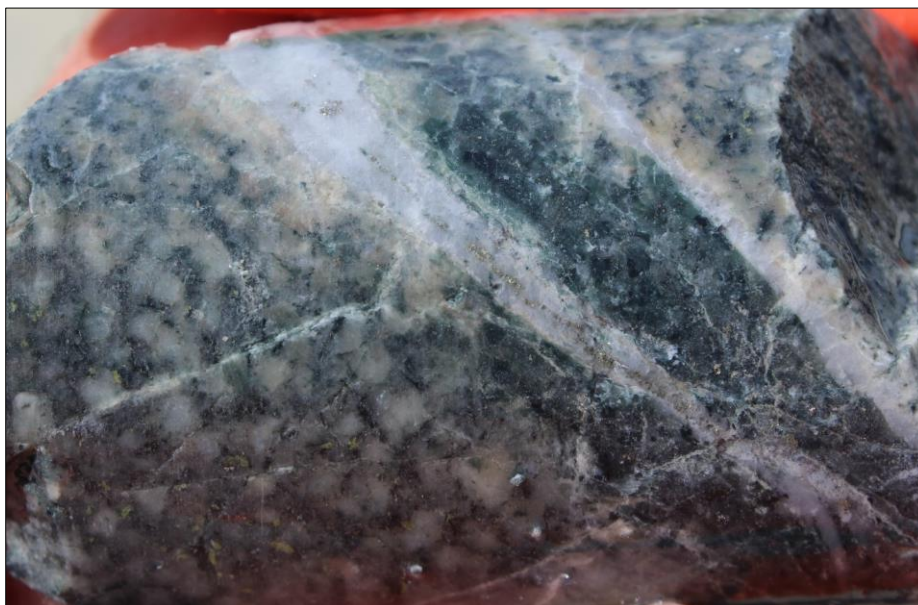
Drill hole SMD035 was collared 80m west of hole SMD025 targeting the northern extension of the copper mineralisation in the 'M' veins in hole SMD024 (Figure 3). Above the LAS, which was encountered at approximately 300m, the hole intersected sandstone/ siltstone and quartz diorite porphyry and porphyritic andesite. The hole intersected an interval of porphyry 'M' veins below the LAS and to the west of the NSS in both the quartz diorite porphyry and the siltstone. This is the first occurrence of 'M' veins noted west of the NSS. To the east of the NSS which was encountered between 358 and 400m, carbonate veining was present in the sediments and intrusive rocks to the end of hole at 615.3m depth.

Hole SMD036 was drilled 80m west of SMD035 and was targeting the northern extension of the copper mineralisation in 'M' veins encountered in SMD024. The LAS was encountered at approximately 320m, above which the sandstone and siltstone was intersected by micro gabbro dykes. Below the LAS and to the west of the NSS this hole also intersected quartz-magnetite porphyry 'M' veins and disseminated magnetite alteration, as well as wormy 'A' veins in the siltstone/sandstone and quartz diorite porphyry. To the east of the NSS which was observed at approximately 550m, the hole intersected chlorite alteration in the andesite and sandstone/siltstone and patchy hematite alteration in the basalt. The hole was drilled to a depth of 654.2m.

Drill hole SMD037 was collared 80m north of hole SMD035 and was targeting the northern extension of the 'M' veins in SMD035. Above the LAS at 278m, the hole intersected sericite altered sandstones, dacite porphyry and andesite with 'D' veins. Below the LAS and to the west of the NSS, intercepted at about 385m, drilling encountered patchy hematite and disseminated magnetite altered sandstone/siltstone, quartz diorite porphyry and andesite. Epidote alteration, porphyry 'B' style veins and occasional porphyry 'M' veins were also observed (Photo 5 and Photo 6). To the east of the NSS to the end of hole at 485.9m, sandstone/siltstone, micro diorite and volcanic tuff was intersected.

Hole SMD038 drilled to a depth of 631m in a location 80m to the north of SMD035 targeted the northern extension of the 'M' veins in SMD035. The LAS was intersected at 291m and above that the drilling encountered predominantly micro diorite which has patchy to moderate epidote alteration and pervasive magnetite alteration which has been converted to martite by sericite alteration. Below the LAS and to the west of the NSS which was intersected at between 500m and 533m, drilling encountered sandstone, quartz diorite porphyry and dacite porphyry which display sericite chlorite alteration with some disseminated magnetite and rare magnetite – quartz 'M' veins. To the east of the NSS approximately 30 metres of breccia, similar to the breccia in SMD031, but less pervasively altered was intersected.





**Photo 5. 'B' style vein with trace pyrite and chalcopyrite at 335.5m in SMD037**



**Photo 6. 'B' style vein with magnetite centre at 337.95m in SMD037.**

Hole SMD039 was drilled 80 metres north of SMD037 to target the northern extension of 'M' veins in SMD037. Above the LAS which occurred at 250m, the drilling intersected sandstone and siltstone with porphyritic diorite, andesite and micro gabbro. Epidote alteration increases with depth. The NSS occurs at 461m and to the west, drilling predominately intersected micro diorite with disseminated magnetite, trace disseminated bornite and epidote veins with weak epidote alteration halos. To the east of the NSS to the end of hole at 471.4m, drilling intersected dacite porphyry with chlorite and sericite alteration.

Hole SMD040 was collared 80m north of SMD038 and was drilled to target the magnetite / epidote alteration intersected in SMD039. Sericite altered sandstone was intersected above the LAS which is present at 269m. Under the LAS and to the west of the NSS, patchy magnetite and epidote alteration, trace quartz-magnetite, pyrite and chalcopyrite as well as carbonate veining was observed in the siltstone/ sandstone, micro diorite and dacite porphyry. To the east of the

NSS a micro diorite with trace carbonate+quartz+pyrite+sphalerite veins and carbonate alteration was intersected to the end of the hole at 570.4m.

Other activities conducted during the Quarter included the receipt of a large volume (~5,500 readings) of short-wavelength infra-red (SWIR) spectrometry data from the Thursday's Gossan drill core. This has been collected to assess the spatial distribution of the alteration mineral assemblage including assessment of the wavelength shift in the white mica infra-red absorption feature. The shorter wavelength absorption features are interpreted to reflect a closer proximity to the porphyry source and provides a vector towards the target. Processing of this data is still in progress.

Stavely Minerals has also just received an additional 105 sulphur isotope determinations from selected mineralised intervals in drill core. The more negative  $\delta^{34}\text{S}$  Sulphur values are interpreted to reflect a closer proximity to the porphyry source.

Porphyry expert Dr Greg Corbett completed a 3-day site visit reviewing the core which has been drilled at Thursday's Gossan since his previous visit in May 2018. Dr Corbett's report titled "Further Comments on Recent Exploration at the Stavely Porphyry Cu\_Au Prospect, Western Victoria, Australia", dated September 2018 is available on Stavely Minerals' website, under Projects – Technical Data ([www.stavely.com.au](http://www.stavely.com.au)).

### **Black Range Joint Venture Project (EL5425)**

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During the September Quarter, work conducted on the Black Range JV included litho-geochemical sampling on the diamond hole (SMD027) drilled during the previous quarter. Drill hole SMD027 was drilled to a depth of 251.3m to test a discrete magnetic feature along a major north-south structure, approximately 2 km north of the Thursday's Gossan copper-gold porphyry prospect (Figure 9). The presence of disseminated magnetite, seen throughout the gabbro explains the magnetic anomaly.

From the litho-geochemistry, the intrusion in SMD027 which was logged as a 'monzogabbro' plots in the subalkaline to alkaline gabbro field. The intrusive from SMD027 plots within the barren intrusive field within the Bob Loucks' Cu+Au productivity plot.

One sample was sent to CODES for age dating by U/Pb to determine if the intrusive rock is Cambrian or Silurian in age. However, it was not possible to find a zircon in the magnetite-bearing monzogabbro intrusion and hence it was not possible to obtain an age. A sample has now been submitted for dating by apatite fission tracking. It is expected that the results will be received during the next quarter.



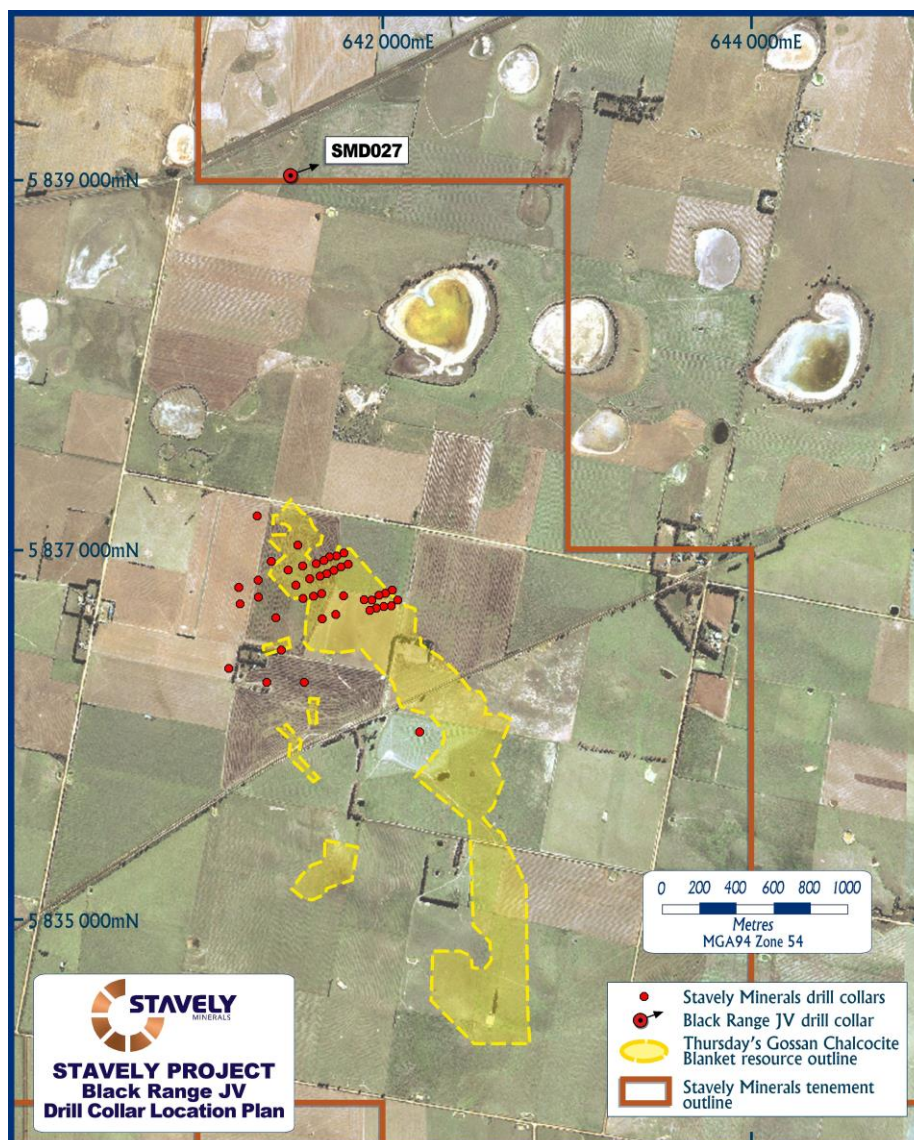


Figure 9. Black Range JV drill collar location plan.

## Yarram Park Project (EL5478)

### Toora West Prospect

During the Quarter, the exploration completed by Stavelly Minerals at the Yarram Park Project was integrated with the Victorian Geological Survey's recently updated regional geological interpretation from the Stavelly ARC 3D model.

The Yarram Park Project overlies the Bunnugal Belt of the Cambrian Stavelly Volcanic Arc. Intermediate to mafic igneous rocks of the Bunnugal Belt are flanked to the west by the Glenthompson Sandstone and to the east by the Stavelly Belt. Recent inversion modelling of the aeromagnetic data indicates that the stratigraphy of the Bunnugal Belt dips steeply towards the west and is locally overturned in the vicinity of Yarram Park. The Bunnugal Belt has been cut by the Yarrack Fault and associated splays within the exploration licence.



Diamond holes STWD001 and STWD002, drilled in early 2017, encountered a sequence of andesite lavas that have been intruded by diorite and quartz diorite or tonalite. Hornblende and plagioclase in the intrusive rocks have been preferentially replaced by biotite and k-feldspar, respectively, potentially indicating local development of a proximal potassic or metasomatic alteration package. In contrast, STWD003 intersected a steeply southwest dipping package of massive and laminated mudstone, siltstone, fine to coarse grained turbidites and narrow bedding parallel tonalite sills.

Litho-geochemical data for drill holes STWD001 and STWD002 show that the calc-alkaline diorite and quartz diorite/ granodiorite intrusives plot within the Bob Loukes Cu+Au productive field.

From the recent Stavely ARC 3D model it is considered likely that the circular aeromagnetic feature in the southern portion of EL5478 represents a drag-folded package of intermediate to mafic volcanic rocks, related to dextral offset of the Yarrack Fault (Figure 10). The coincident gravity and aeromagnetic low may represent a combination of intrusive and sedimentary rocks. All three diamond drill holes encountered diorite and tonalite intrusions, although STWD003 appears to be more marginal to the volcanic arc, as deep-water laminated black mudstone and turbidite deposits were observed. STWD003 was collared directly adjacent to the Yarrack Fault which explains why the bedding was steep in the hole.

Several drill targets have been identified during this review. These targets will be worked up during the next quarter.

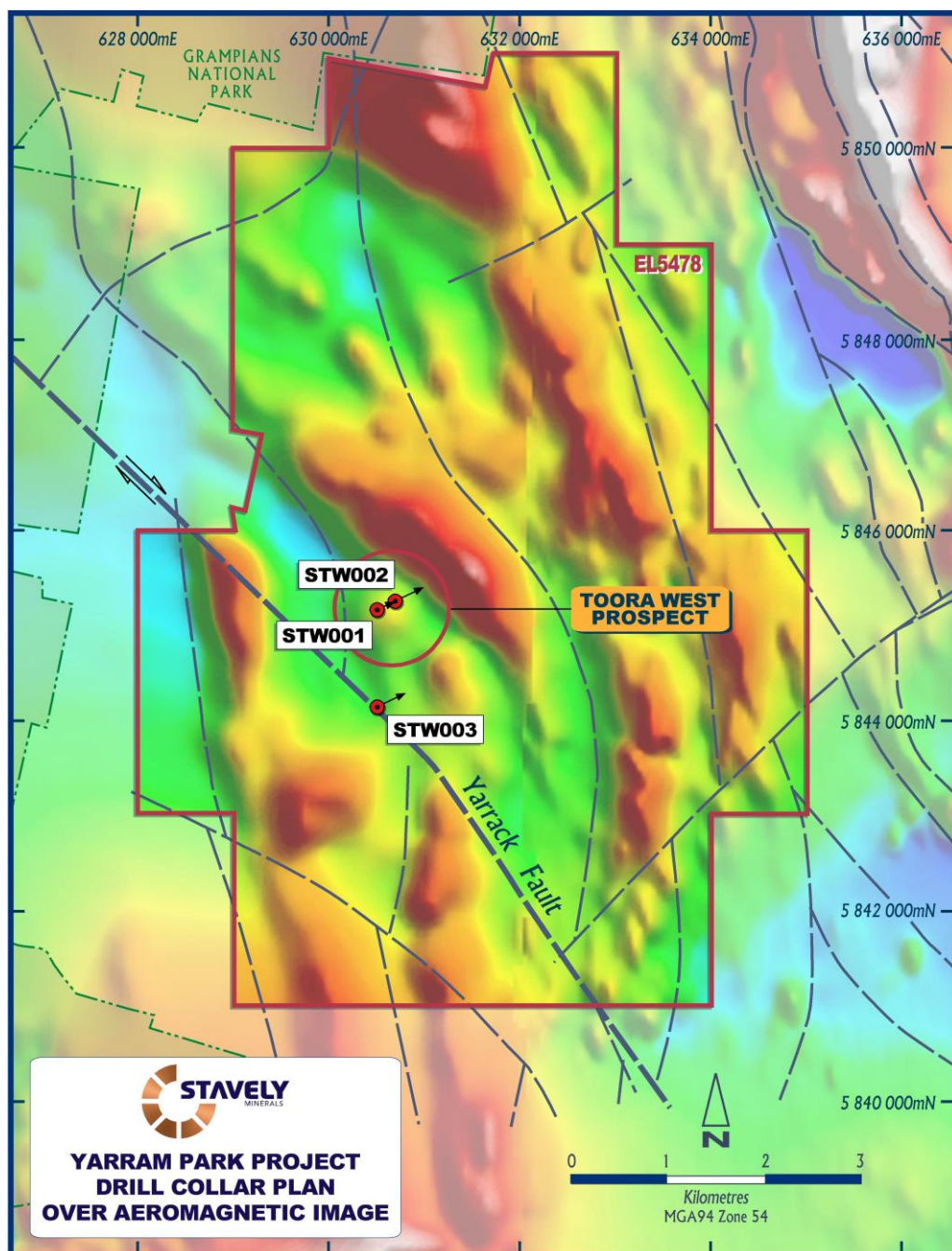


Figure 10. Yarram Park Project drill hole collars over aeromagnetic image.

## Ararat Project (EL4758)

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### Honeysuckle Gold Prospect

During the Quarter, assay results were received for the two diamond holes drilled at the Honeysuckle Gold prospect as part of the Victorian Government TARGET minerals exploration initiative (Figure 11). Selected intervals of interest and representative samples down the holes were submitted to ALS in Adelaide for gold and multi-element geochemical analysis.

A low amplitude anomalous chargeable feature located beneath the historical Honeysuckle gold workings was the target of diamond drill hole SADD008. This hole was drilled to a depth of 317m and predominantly intersected a phaneritic medium grained granodiorite. In drill hole SADD008 a 100mm wide quartz vein at 15 metres, at the hard-rock interface returned 1 metre at 0.12 g/t gold and 122 ppm arsenic, with slightly elevated zinc (140 ppm). Apart from this intersect no other anomalous gold values or pathfinder elements were returned in SADD008.

Diamond hole SADD009 was drilled to test a Category 1 chargeability anomaly which is moderately resistive with a coincident strong magnetic feature. This hole intersected a fine grained, variably foliated, strongly magnetic meta-basalt from fresh rock at 20.7m to the end of hole at 293.6m. In drill hole SADD009 an anomalous gold result of 1 metre at 0.78 g/t was returned from 187 metres with slightly elevated arsenic (10ppm). The interval was logged as a quartz- biotite schist with foliation controlled quartz-epidote  $\pm$  garnet veining between 1 to 20mm width with pyrrhotite. Apart from this intersect no other anomalous gold values or pathfinder elements were returned in SADD009.

### Carroll's VMS Prospect

Assay results have been received during the Quarter for diamond hole SADD010, drilled during the June Quarter as part of the Victorian Government TARGET minerals exploration initiative at the Carroll's VMS prospect. SADD010 was drilled to test the off-hole response returned from the DHEM survey conducted on diamond hole SADD005 (Figure 12). The hole was drilled to a depth of 527.5m and intercepted fine grained, foliated metabasalt to 182.7m, then a highly foliated quartz-biotite schist unit interbedded with metabasalt to the end of hole. Disseminated trace pyrite, chalcopyrite and pyrrhotite were observed throughout the hole.

SADD010 twinned drill hole SADD005 to a depth of 317m, and as such sampling of SADD010 was only done from 310m to 527.5m, with samples taken at 10 metre spacing and submitted to ALS in Adelaide for gold and multi-element geochemical analysis. No anomalous base metals results were returned from drill hole SADD010.



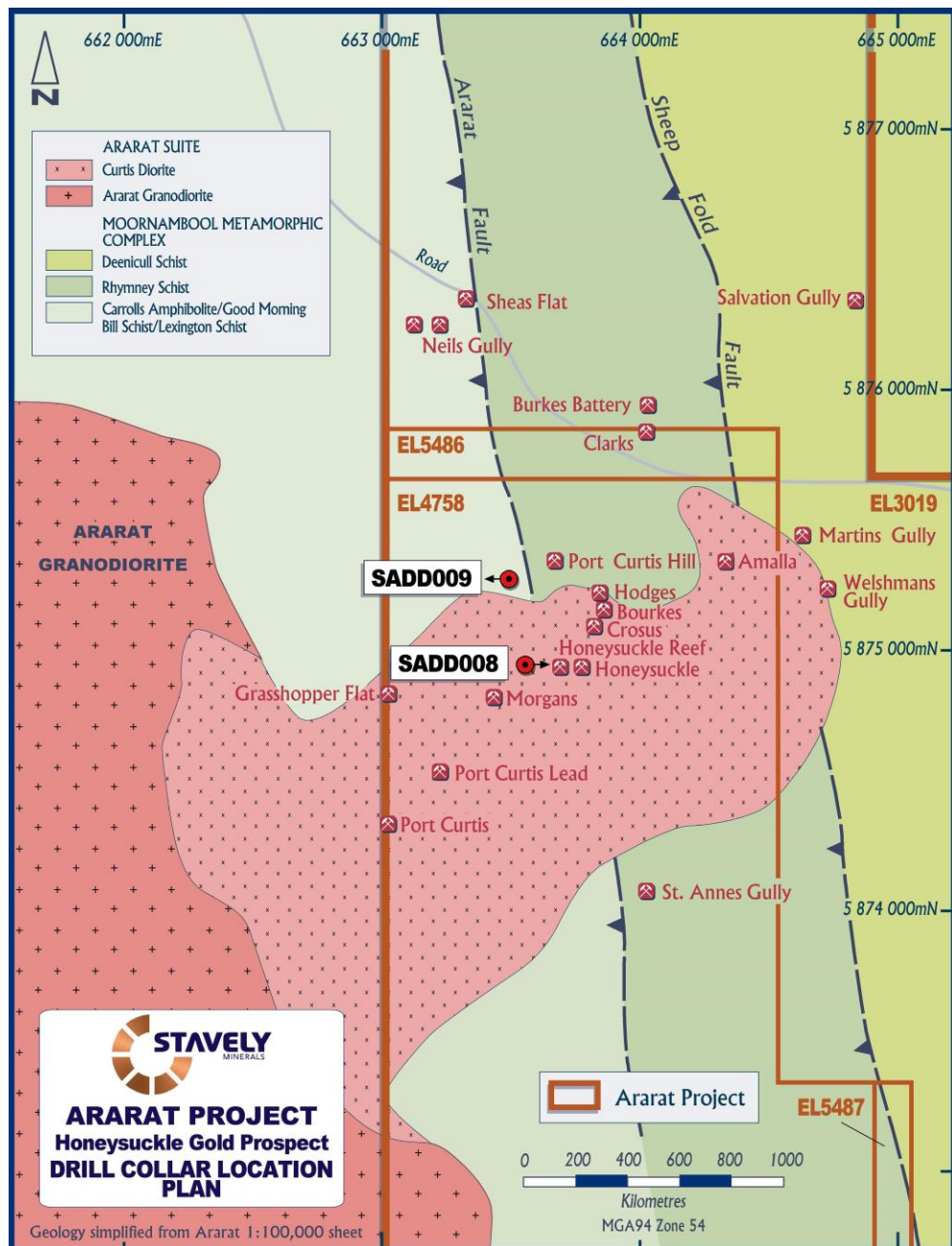


Figure 11. Honeysuckle Gold prospect drill collar location plan.

## Ravenswood Project (EPM26041, EPM26152, EPM26303 & EPM26304)

During the Quarter, progress was made in getting approvals, compensation agreements and heritage clearance to conduct drilling at the Area 8 target in the Dreghorn Project and the Connolly North target in the Ravenswood West Project (Figure 13). Field investigations were conducted to determine the exact locations of the planned drill hole. In addition, soil sampling was conducted in the vicinity of the Area 8 prospect.

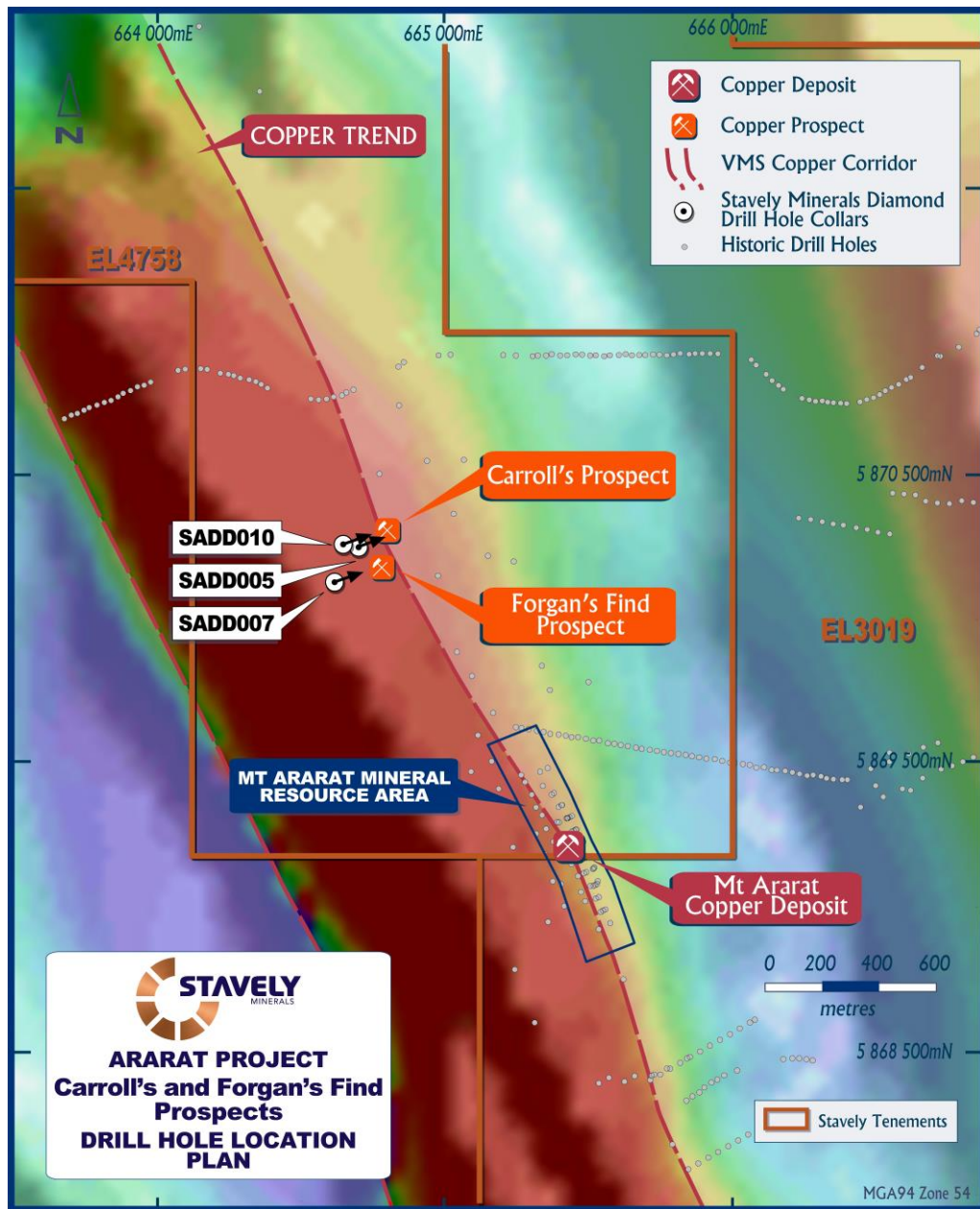


Figure 12. Carroll's VMS prospect drill collar location plan.

At Connolly North quartz veins in low-angle structures similar to those seen in the Sarsfield open pit at the Ravenswood Gold Mine, ~15km away, are observed. The IP survey conducted during the previous quarter returned a +10mV/V chargeability anomaly. Rock chip sampling during the previous quarter in the Connolly North area returned gold results of 14.8 g/t, 12.75 g/t, 2.07 g/t and 1.42 g/t. The stream sediment samples taken in tributaries to the Connolly Creek and draining the Connolly North prospect area returned anomalous gold values of 1.61 g/t, 1.20 g/t and 1.18 g/t. Previous rock chip sampling in 2017 returned a 36.6 g/t gold result from a 5-10cm thick low-angle quartz vein at the Connolly North prospect.

At the Area 8 prospect, previously reported surface rock-chips returned assay results of up to 0.65 g/t gold, 106 g/t silver, 397 ppm arsenic and 837 ppm 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. At Area 8, the IP survey conducted during the previous quarter, returned a well constrained resistivity anomaly.

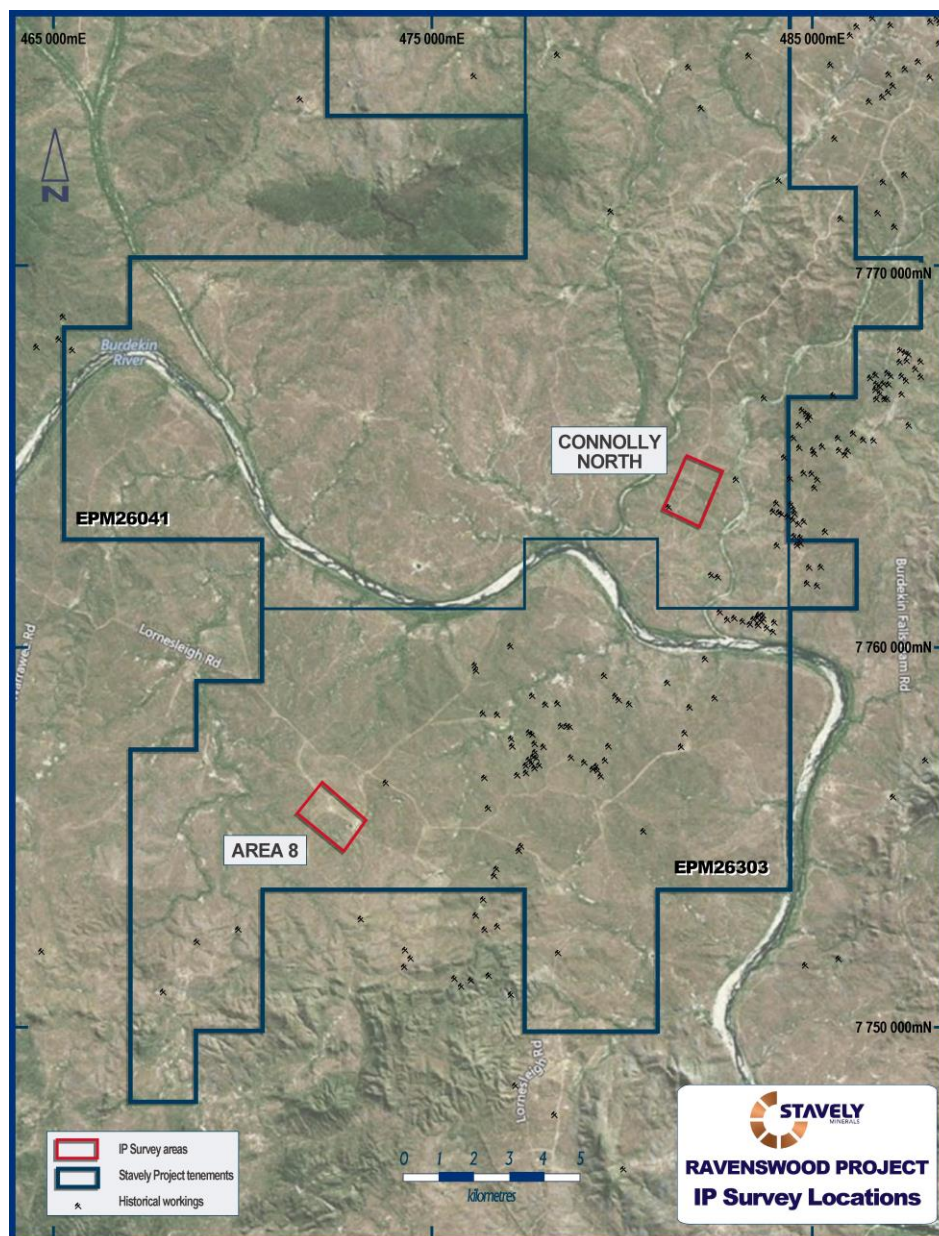


Figure 13. Ravenswood Project prospect location plan.

## Planned Exploration

### Stavely Project (EL4556)

During the next quarter, the diamond drilling at Thursday's Gossan will continue to target the core of the porphyry below the LAS and to the west of the NSS.

Logging, processing and sampling of the recently completed diamond drill holes will continue.



Other activities will include additional sulphur isotope sampling, submission of samples for petrography and age dating, the collection of additional short-wavelength infra-red (SWIR) spectrometry data from the Thursday's Gossan drill core, as well as mapping out of the alteration assemblages.

### **Black Range Joint Venture (EL5425)**

The results from the dating of the gabbro intrusion in SMD027 by apatite fission tracking are expected to be received during the next quarter and assessment of other exploration targets on EL5425 will continue.

### **Yarram Park Project (EL5478)**

During the next quarter, drilling will be planned at the targets identified by the review during the current quarter.

### **Ravenswood Project (EPM26041, EPM26152, EPM26303, EPM26304)**

It is anticipated that the drilling in north Queensland at the Connolly North Project on the Ravenswood West and at Area 8 at the Dreghorn Project will be conducted in the March 2019 Quarter once the prerequisite approvals have been obtained.

## **CORPORATE**

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Stavely Minerals had a total of \$4.4M cash on hand at the end of the September 2018 Quarter, with a further \$0.32M available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd.

On 14 September, the Company announced that due to health reasons, Mr William 'Bill' Plyley stepped down as Chairman of Stavely Minerals but will remain on the Board as Non-executive Director. Bill has been the Chairman of Stavely Minerals since the Company's listing on the ASX in 2014. Mr Chris Cairns assumed the role of Executive Chairman.

Mrs Amanda Sparks accepted an invitation to join the Board as Non-Executive Director and will continue as Company Secretary. Mrs Sparks has been Stavely Minerals' Company Secretary since listing, is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia. Amanda has over 30 years of resources related financial experience, both with explorers and producers and brings a range of important skills to the Board with her extensive experience in financial management, corporate governance and compliance for listed companies.

The Company presented at the following investor conferences during and subsequent to the Quarter:

6 September 2018 - Sydney Mining Club

30 October 2018 - IMARC

## ANNOUNCEMENTS

Investors are directed to the following announcements (available at [www.stavely.com.au](http://www.stavely.com.au)) made by Stavely Minerals during the September 2018 Quarter and subsequently announced for full details of the information summarised in the Quarterly Report.

- 29/08/2018 - Thursday's Gossan Diamond Drilling Update - Wide Zones of Hydrothermal Breccia with Magnetite and Bornite Mineralisation in Latest Diamond Holes
- 5/09/2018 - Thursday's Gossan Diamond Drilling Update - New Assay Results of up to 5.68 g/t Gold and 6m at 0.61 g/t Gold and 0.25% Copper Support Porphyry Hunt
- 14/09/2018 - Board Announcement
- 5/10/2018 - Thursday's Gossan New High Grade Mineralisation Intersected
- 22/10/2018 - Stavely Awarded Block 3

## Tenement Portfolio - Victoria

The tenements held by Stavely Minerals as at 30 September 2018 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km <sup>2</sup> )
Mt Ararat	EL 3019	21 December 1989	23
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Black Range JV	EL5425	18 December 2012	201
Yarram Park	EL 5478	26 July 2013	53
Ararat	EL 5486	10 July 2014	1
Ararat	EL 6271	21 July 2016	4
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139

The compulsory second year partial surrender of EL6271 has been finalised with the Department of Economic Development, Jobs, Transport & Resources. EL6271 now covers an area of 4 graticules.

On 22 October, the Company was awarded the right to apply for Block 3 in the Victorian Government's Stavely Ground Release Tender (Figure 14). Block 3 is adjacent to the Company's 100% owned Stavely and Yarram Park tenements and the Navarre Minerals JV tenement.

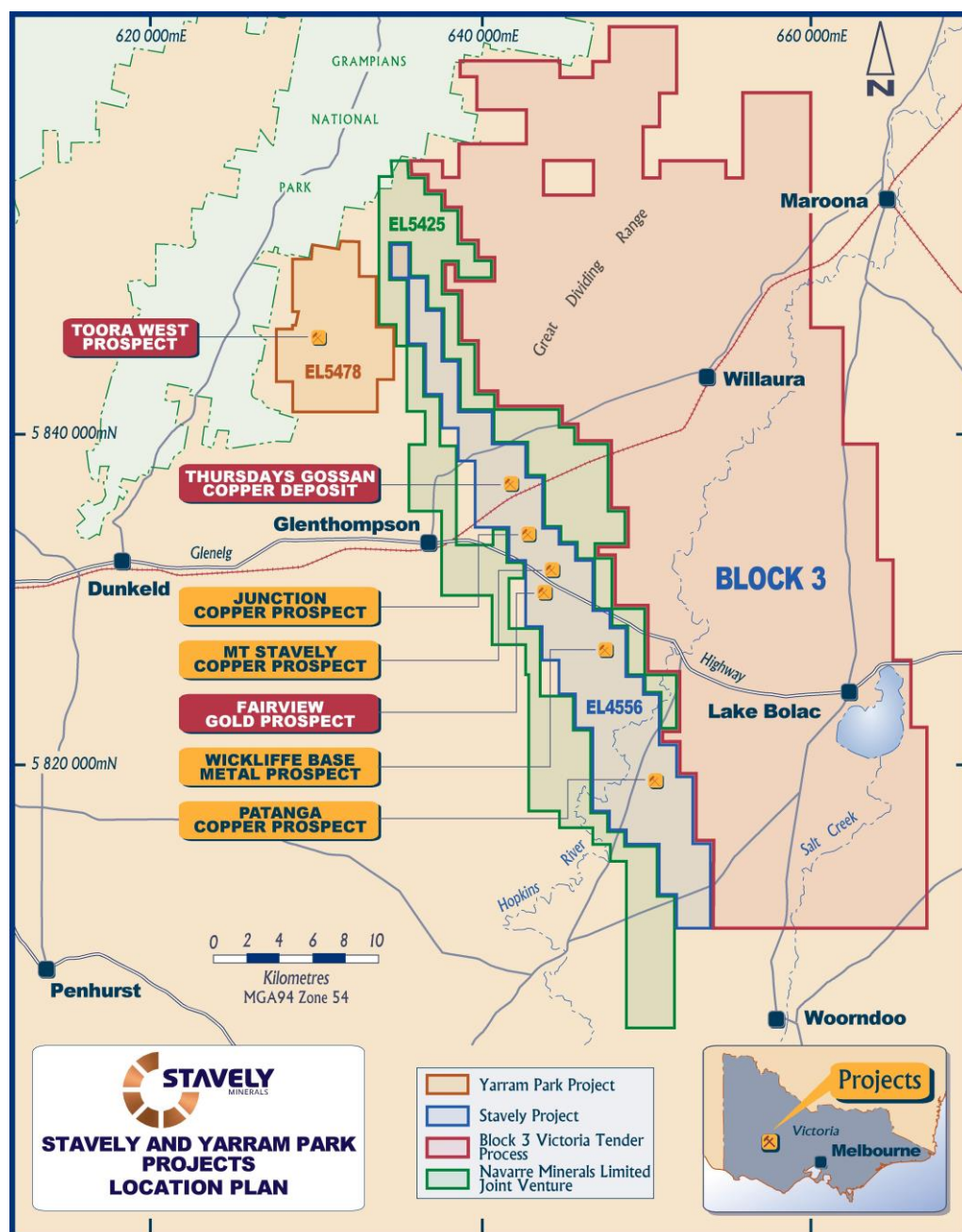


Figure 14. Location of Stavely Ground Release Tender Block 3 (red) and Stavely Minerals 100% owned Stavely and Yarram Park Projects and the Navarre Minerals JV tenement.



## Tenement Portfolio - Queensland

The tenements held by Ukalunda Pty Ltd as at 30 September 2018 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km <sup>2</sup> )
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.*

**Thursday's Gossan Prospect – Collar Table**

Hole id	Hole Type	MGA 94 zone 54					Comments
		East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	
SMD017	DD	641325	5836750	-60/070	262	793.6	
SMD018	DD	641670	5836772	-60/070	264	96.3	Hole failed did not reach target depth
SMD019	DD	641620	5836755	-60/070	264	477.5	
SMD020	DD	641570	5836740	-60/070	264	465.4	
SMD021	DD	641410	5836640	-60/070	264	534.9	
SMD022	DD	641560	5836915	-60/070	264	406.2	
SMD023	DD	641490	5836895	-60/070	264	330.6	
SMD024	DD	641315	5836835	-60/070	264	509.6	
SMD025	DD	641390	5836940	-60/070	264	399.2	
SMD026	DD	641225	5836710	-60/070	264	796	
SMD028	DD	641220	5836800	-60/070	264	777.3	
SMD029/ SMD029W	DD	641164	5836363	-60/070	264	384/ 837.5	Hole wedged due to drilling problems in original hole
SMD030	DD	641315	5837185	-60/070	264	109.4	Hole failed did not reach target depth
SMD031	DD	641455	5837235	-60/250	264	409.5	Redrill of SMD030 from opposite direction
SMD032	DD	641330	5836665	-60/070	264	582.8	
SMD033	DD	641250	5836635	-60/070	264	121.2	Drilling issues resulted in hole being abandoned
SMD034	DD	641250	5836635	-60/070	264	150	Redrill of SMD033, hole failed did not reach target depth
SMD035	DD	641300	5836910	-60/070	264	615.3	
SMD036	DD	641220	5836880	-60/070	264	654.2	
SMD037	DD	641295	5836985	-60/070	264	485.9	
SMD038	DD	641220	5836960	-60/070	264	631	
SMD039	DD	641290	5837065	-60/070	264	471.4	
SMD040	DD	641215	5837040	-60/070	264	570.4	
SMD041	DD	641140	5836850	-60/070	264	In progress	

**Thursday's Gossan Prospect – Intercept Table**

		MGA 94 zone 54					Intercept						
Hole id	Hole Type	East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Au (g/t)	Ag (g/t)	Zn (%)
SMD019	DD	641620	5836755	-60/070	264	477.5	245	247	2	1.58	0.34	16	
						Incl.	245	246	1	2.66	0.53	29	
							278	279	1	0.53	0.51	12	
SMD020	DD	641570	5836740	-60/070	264	465.4	59	60	1	1.14		7	
							180	181	1	0.22	0.45		
							222	223	1	0.48	0.28		
							259	261	2	0.87			
							302	312	10	0.34	0.10		
							324	325	1	0.86	0.31	6	
							337	350	13	0.33	0.14	6	
SMD023	DD	641490	5836895	-60/070	264	330.6	29	43	14	0.36			
							74	90	16	0.34			
						Incl.	85	88	3	0.44	0.16	9	
							130	140	10	0.37	0.2	93	
						Incl.	132	135	3	0.51	0.31	206	
SMD024	DD	641315	5836835	-60/070	264	509.6	190	193	3	1.24	0.35	13	2.45
							372	442	70	0.22			
						Incl.	372	375	3	1.01	0.16	8	
						and	479	492	13	0.38			
SMD026	DD	641225	5836710	-60/070	264	796	228	229	1		5.68	1.7	
							243	245	1		0.56		
							355	383	28	0.21	0.27	1.60	
						Incl.	363	369	6	0.25	0.61	1.65	
						and	372	381	9	0.35	0.11	2.52	
							457	458	1	1.09		4.6	
							575	581	6	0.60	0.30	4.53	
						Incl.	628	629	1	2.32	0.80	16.4	
SMD031	DD	641455	5837235	-60/250	264	409.5	109	125	13	0.18			
							164	225	61	0.16			
						Incl.	206	207	1	2.37	0.52	29	
							339	340	1	1.48	0.16	25	
SMD032	DD	641330	5836665	-60/070	264	582.8	517	581	63*	0.84	0.11		
						Incl.	538	544	6	6.73	0.84	15	
						Incl.	542	543	1	22.8	0.91	48	
						And	551	553	2	2.43	0.28	5	