Significant New Porphyry Drill Target Identified at the Yarram Park Project, Western Victoria

Drilling planned to commence in May to test coincident magnetic high / gravity low / IP chargeability anomaly identified from recent geophysical programmes at Toora West prospect

Highlights

- **A significant Induced Polarisation (IP) chargeability anomaly has been generated at the Toora West prospect, within Stavely's 100%-owned Yarram Park Project, coincident with a magnetic high annulus / central peak and a gravity low.**
- **The coincident and complementary geophysical anomalies, estimated to be buried under some 70m of transported younger cover, are consistent with anomalies expected from either a mineralised porphyry system or a sub-volcanic diatreme.**
- **Drilling of the target is planned to commence in April-May, weather permitting.**
- **"The striking feature of the Toora West target is the coincidence of three distinctly different data sets each providing geophysical anomalies consistent with our target porphyry copper-gold model for this region. It represents a very exciting target that has never been drill tested in a proven porphyry belt with the nearest drill hole through the younger cover sequence being some 1.5km away. " – Stavely Managing Director, Chris Cairns.**

Stavely Minerals Limited (ASX Code: **SVY** – "Stavely Minerals") is pleased to advise that it has identified a high-priority drill target at its 100%-owned **Yarram Park Project**, located adjacent to its flagship Stavely Copper-Gold Project in Western Victoria (Figure 1), after receiving highly encouraging results from an initial IP geophysical survey over the tenement.

After acquiring the Yarram Park tenement (EL5478) in April 2015[1], Stavely Minerals conducted a reconnaissance IP survey over an existing coincident magnetic and gravity anomaly identified on the tenement (Figures 2 and 3).

The survey has identified a pair of chargeability features on both IP survey lines (Figure 4). The IP chargeability features correlate with the margins of a small magnetic high at the core of a gravity low which itself is enclosed within a magnetic high annulus. While the chargeability features are not strong, their significance is the very close spatial correlation with the margins of the gravity and magnetic features.

Stavely Minerals' preferred target model is that these magnetic / gravity / IP features are consistent with the responses that would be expected from a buried porphyry copper-gold system. Porphyry-style mineralisation is often expressed by:

- Peripheral arcuate magnetic highs (annulus) from prograde alteration including the introduction of hydrothermal magnetite;
- Central magnetic lows from magnetite destruction by overprinting retrograde argillic and phyllic alteration;

[1] *See ASX release 10 April 2015*

- Gravity lows reflecting the lower density of a porphyry intrusion relative to surrounding country rocks;
- IP chargeability anomalies above and on the margins of the porphyry intrusion reflecting metallic sulphide mineralisation associated with retrograde phyllic alteration; and
- Small central magnetic highs reflecting intra- to late-mineral magnetite-rich breccia pipes / intrusive phases.

All of these features are apparent at the Toora West prospect (Figure 5), making this a very attractive conceptual geologic target and a priority for drill testing.

Stavely Minerals' target model is for porphyry copper-gold mineralisation similar to that at the Cadia porphyry complex near Orange NSW. Alternative interpretations include a sub-volcanic diatreme (e.g. the Kidston gold deposit with +3 million ounces produced).

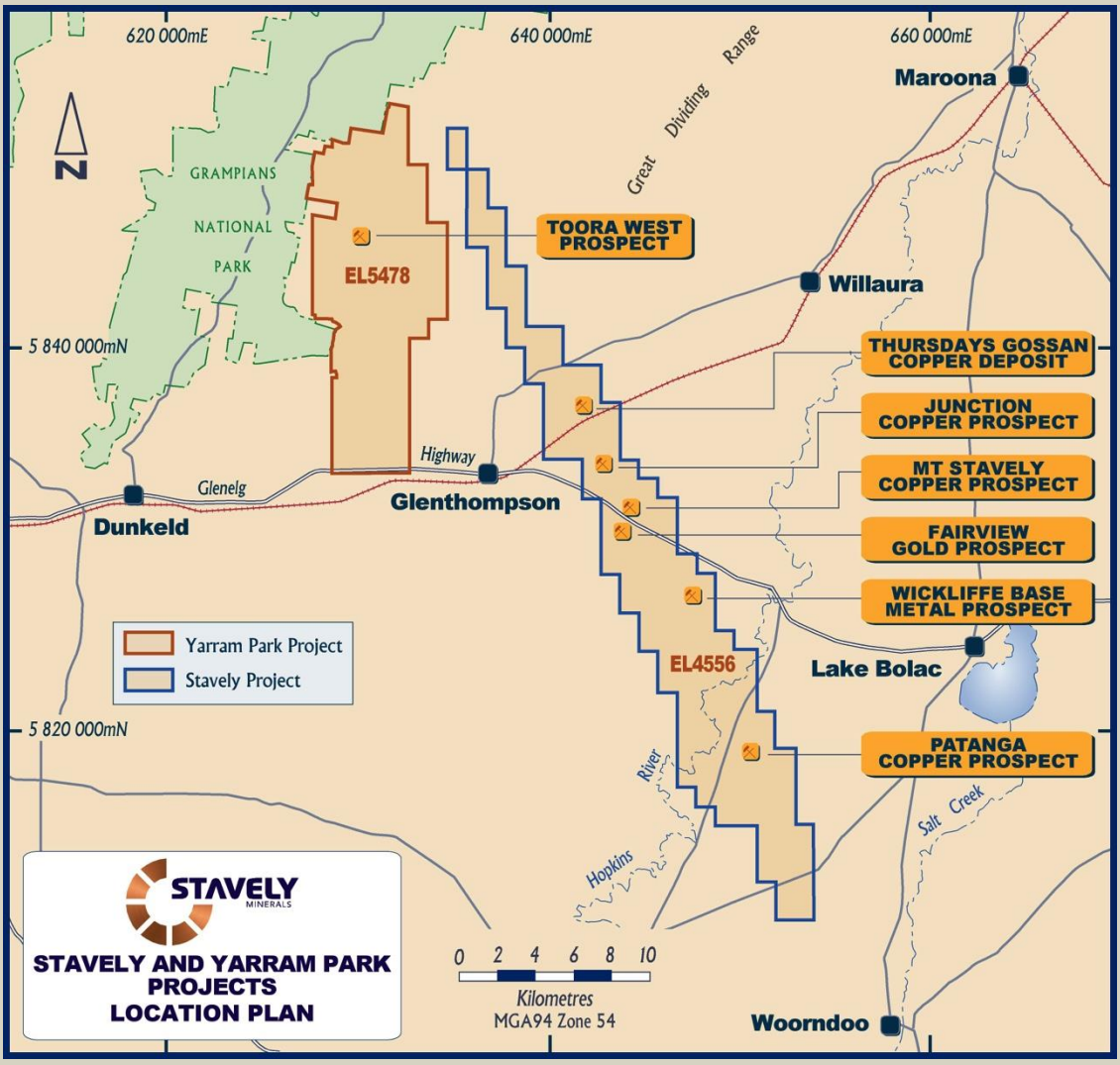

Figure 1. Tenement location map.

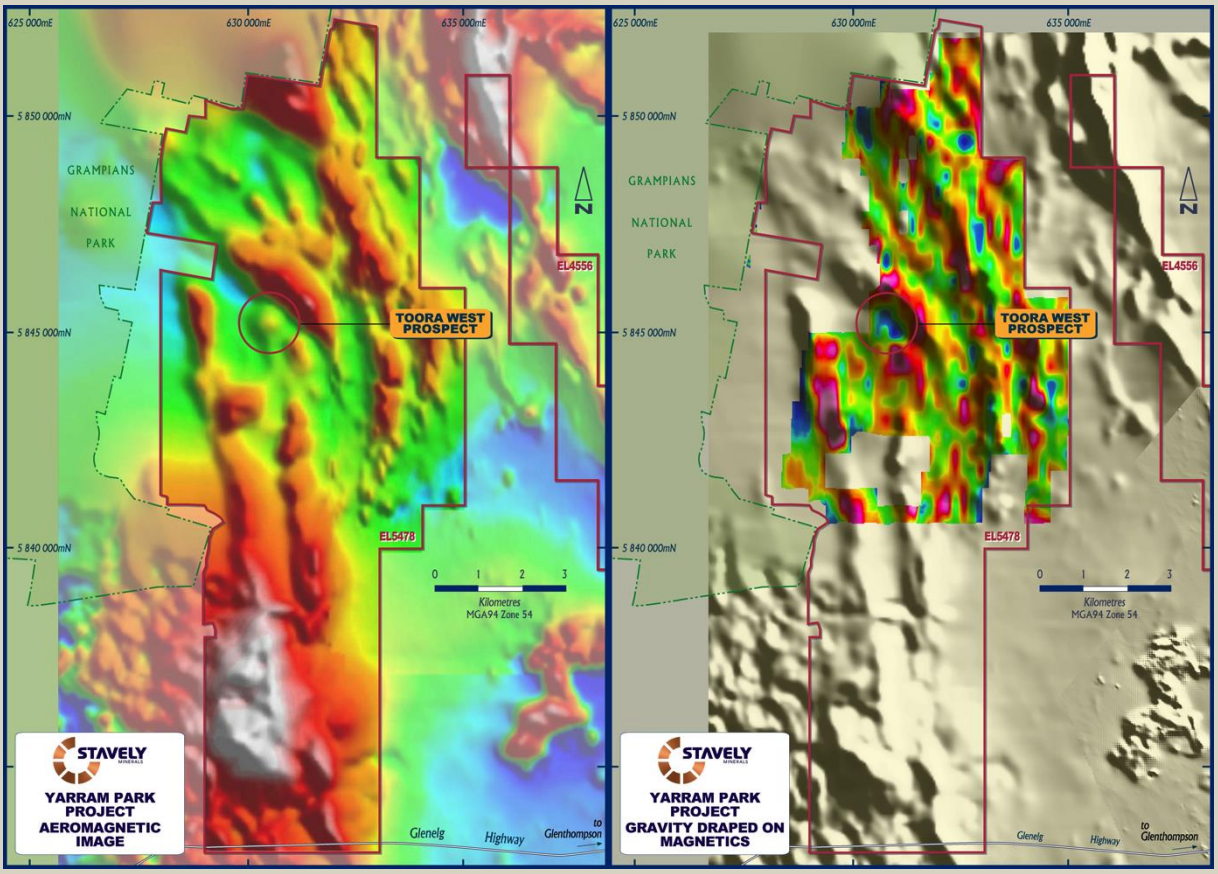

Figure 2. Prospect location maps on aeromagnetics (left) and gravity draped on grey-scale magnetics (right).

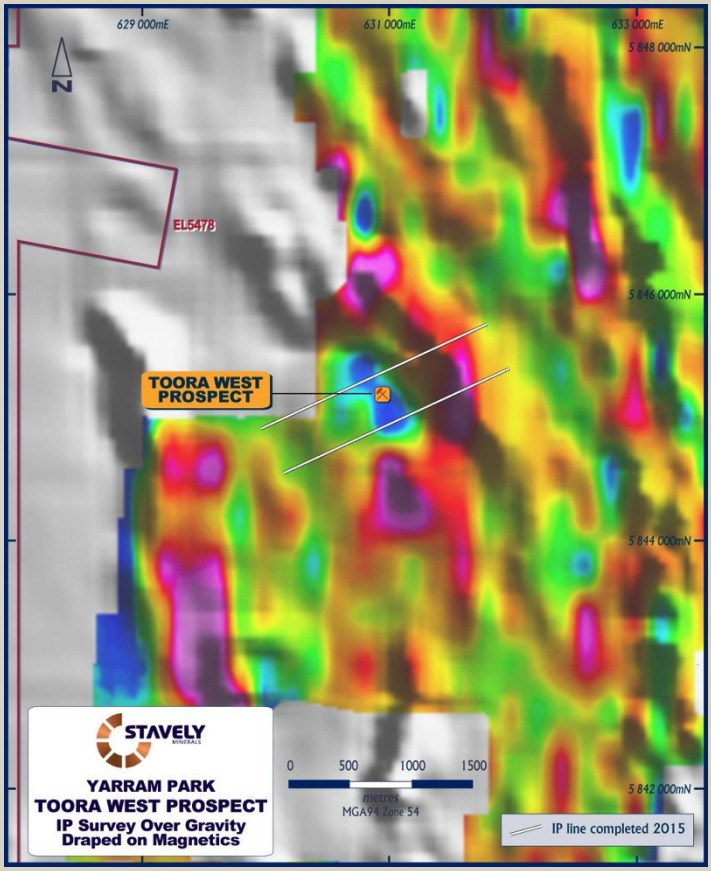

Figure 3. IP survey lines location.

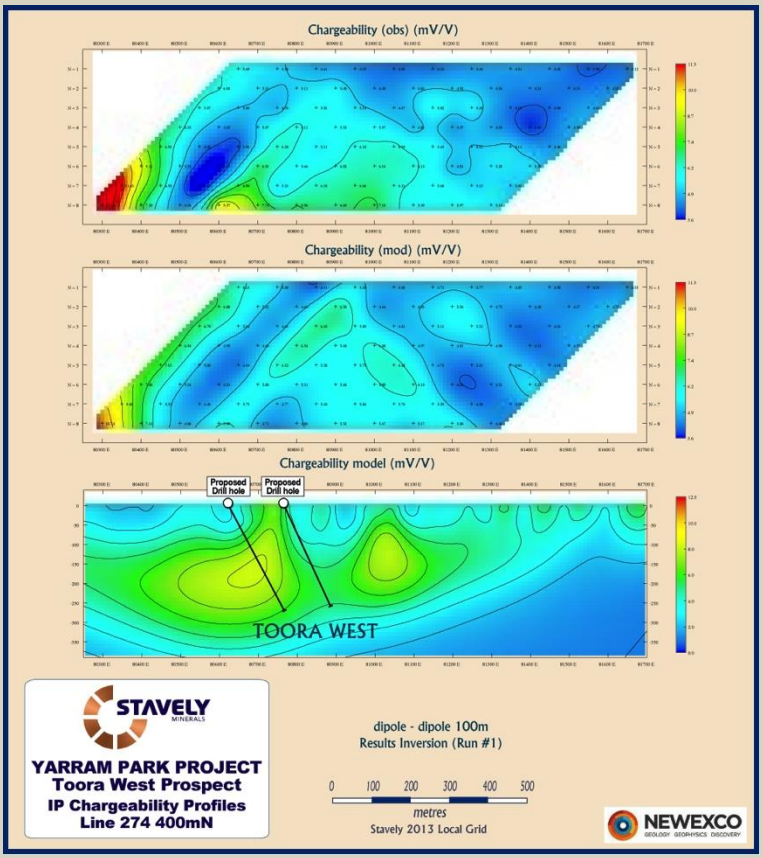

Figure 4. IP Chargeability anomalies.

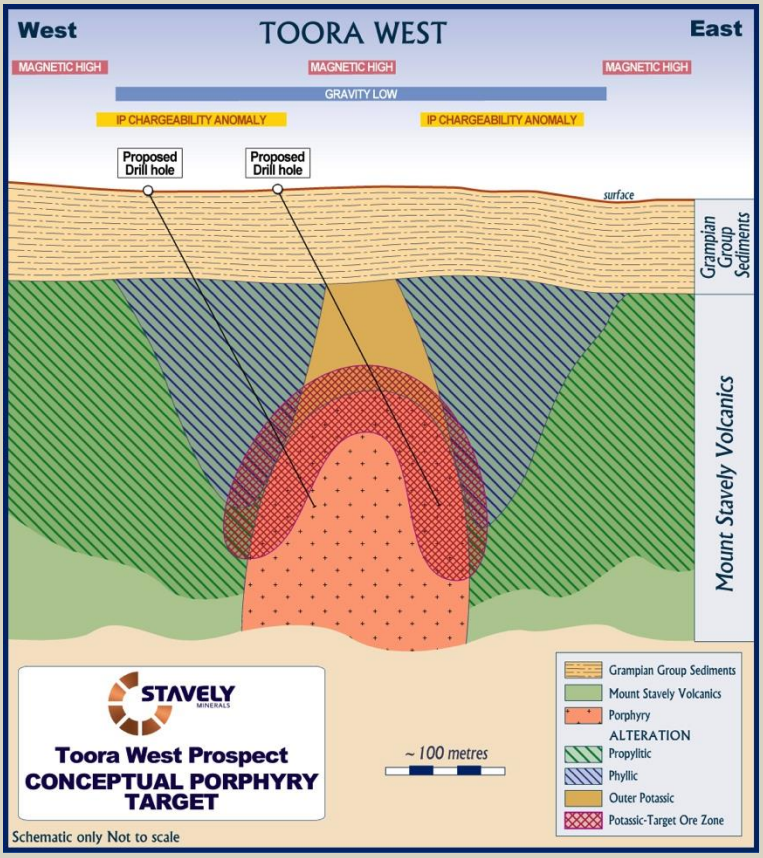

Figure 5. Porphyry copper-gold deposit conceptual model and observed geophysical responses (note there is potential for the observed responses to also be associated with a sub-volcanic diatreme).

Forward Programme

The Company is considering completing an additional three lines of IP to provide better resolution of the target anomaly and to allow 3D inversion of the results so that they can be modelled with existing magnetic and gravity 3D models.

This work is expected to be completed in April (after the current high fire danger period has passed) with drilling planned to commence in May (weather permitting).

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.

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JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	N/A
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	N/A
	Aspects of the determination of mineralisation that are Material to the Public Report - In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	N/A
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	N/A
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and*	N/A

Criteria	JORC Code explanation	Commentary
	results assessed.	
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	N/A
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	N/A
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	N/A
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	N/A
	The total length and percentage of the relevant intersections logged.	N/A
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	N/A
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	N/A
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	N/A
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	N/A
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	N/A
	Whether sample sizes are appropriate to the grain size of the material being sampled.	N/A

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	N/A
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	**Ground IP Survey** Survey Specification Array: Dipole - Dipole Line spacing: < 600 m Rx Dipole Separation: 100 m Tx Dipole Separation: 100 m Max N separation: 8 Coordinate System: Stavely Local Grid Base Frequency: 0.0125 Hz Total chargeability integration time: 860 ms Typical Current: 4 A Max Current: 6.6 A Min Current: 2.3 A Equipment Transmitter: GDD TX II Output: 10 kVA Max Current: 10 A Max Voltage: 2.4 kVA Current at max Voltage: 2.1 A Motor Generator: Kubota 9 kVA Receiver Make: EMIT - SMARTem 24 Channels: 8 Sample Rate: 20 kHz Software: Scientific Computing Applications - TQIPdb Electrodes Type: Copper Sulphate ½ cell Size: Standard porus pot, 100 mm diameter Holes: Pre-dug, watered and settled Orientation: Along line Pattern: Dipole – Dipole
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	N/A
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	N/A
	The use of twinned holes.	N/A
	Documentation of primary data, data entry procedures, data verification, data storage	N/A

Criteria	JORC Code explanation	Commentary
	(physical and electronic) protocols.	
	Discuss any adjustment to assay data.	N/A
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	N/A
	Specification of the grid system used.	The grid system used is GDA94, zone 54.
	Quality and adequacy of topographic control.	N/A
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	N/A
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	N/A
	Whether sample compositing has been applied.	N/A
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	N/A
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	N/A
Sample security	*The measures taken to ensure sample security.*	N/A
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	N/A

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The IP survey was conducted on the Yarram Park Project, comprising EL5478. The Yarram Park Project was purchased by Stavely Minerals from Diatreme Resources Limited in April 2015. Stavely Minerals hold 100% ownership of EL5478. The tenement is on freehold land and is not subject to native title claim.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenement is in good standing and no known impediments exist.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	**Toora West Prospect** In 2013, Diatreme Resources Limited completed ground gravity in the northern half of EL5478, over the prospective Cambrain aged volcanics. In 2015, Stavely Minerals engaged Newexco Services to reprocess and model the ground gravity data as well as the publicly available regional aeromagnetic data. A coincident gravity low with peripheral and central magnetic highs was identified within the Cambrian aged volcanics in the northern portion of EL5478 and named the Toora West prospect. In September 2015, Stavely Minerals commissioned a two line Induced Polarisation (IP) survey at the Toora West prospect.
Geology	*Deposit type, geological setting and style of mineralisation.*	**Toora West Prospect** The aeromagnetic data shows that the northern half of EL5478 covers an offset of the Mount Stavely Belt, or a structurally offset portion of the Bunnagul Belt, which is overlain by approximately 80 metres of Quaternary cover. The Toora West target comprises a coincident magnetic high and gravity low with peripheral IP chargeability features within the prospective Mount Stavely Volcanic Complex. The geophysical signature indicates the possibility of a sub-volcanic diatreme (possibly porphyry related) beneath thick cover.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	N/A

Criteria	JORC Code explanation	Commentary
	○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	N/A
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	N/A
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	N/A
	The assumptions used for any reporting of metal equivalent values should be clearly stated	N/A
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	N/A
	If it is not known and only the down hole lengths are reported, there should be a	N/A

Criteria	JORC Code explanation	Commentary
	clear statement to this effect (eg 'down hole length, true width not known').	
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures in body of text.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	N/A
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All relevant exploration data is shown on figures and discussed in the text.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	**Toora West Prospect** A follow-up IP survey has been planned at the Toora West prospect. Further IP data acquisition will significantly improve the anomaly constraints along strike and also allow 3D inversion modelling and an improved interpretation prior to drilling. Upon completion and interpretation of the additional IP data, diamond drilling will be planned to test the chargeability feature. The drilling will provide key information on whether porphyry or sub-volcanic diatreme hosted mineralisation is present at the target location.