Revised: Stavely to Assess Potential Low-Cost Copper Production with Scoping Study at Thursday's Gossan

Conceptual study demonstrates positive economic outcome and acceptable rate of return on investment at realistically assumed costs and commodity/currency pricing with a number of areas identified to potentially improve the projected economic outcomes

Highlights

- **Stavely Minerals completes a positive conceptual study to evaluate the potential to unlock the value of the chalcocite-enriched supergene blanket at Thursday's Gossan, part of its 100%-owned Stavely Copper-Gold Project in Western Victoria.**
- **This supergene zone hosts a Mineral Resource containing some 110,000 tonnes of copper in an estimated 28Mt of Inferred Resources averaging 0.4% copper[1].**
- **The chalcocite blanket is a tabular, flat-lying body of copper sulphide mineralisation, typically of 40m vertical thickness and commencing between 30-40m below surface and extending to some 80m below surface.**
- **The conceptual study revisited a 2008 Scoping Study by Beaconsfield Gold NL due to the significant change in the A$/US$ exchange rate since that work was done.**
- **The Thursday's Gossan copper deposit is transected by a regional rail line, which connects it directly to the Victorian port of Portland, and has the benefit of proximity to other well-developed road access and power infrastructure.**
- **The conceptual study used updated assumptions to investigate ranges of economic outcomes for the project, in terms of net revenue, Net Present Value and Internal Rate of Return, that are considered to provide sufficient encouragement to progress to a Scoping Study.**
- **Areas for investigation which could further enhance the projected economic returns from potential copper concentrate production include:**
    - ***Increasing the size of the Mineral Resource, with recent drilling identifying chalcocite copper mineralisation outside the current Mineral Resource boundary;***
    - ***Reducing the assumed mining and milling costs by investigating the suitability of using continuous surface mining equipment; and***
    - ***Reducing the processing costs through lowering reagent usage and a streamlined processing flowsheet***

The conceptual study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the conceptual study will be realised.

1 See Stavely Minerals Limited 2015 Annual report available at www.stavely.com.au

The outcomes of the conceptual study do not constitute a copper production target, and the Company emphasises that there is not yet a reasonable basis to support such a target.

It is important to state that the Mineral Resources used in the conceptual study are 100% classified as Inferred and that there is a low level of geological confidence associated with these resources and consequently there is no certainty that future exploration work will result in the determination of Indicated Mineral Resources, or that the outcomes of this conceptual study will be realised.

"The Thursday's Gossan chalcocite copper deposit is a significant asset of the Company. The conceptual study, which adopts realistic cost and revenue assumptions, has provided us with strong encouragement to proceed to the next level of a Scoping Study. A number of areas have been identified with the potential to enhance the projected economic returns and these will be investigated by the Scoping Study." – Stavely Managing Director, Chris Cairns.

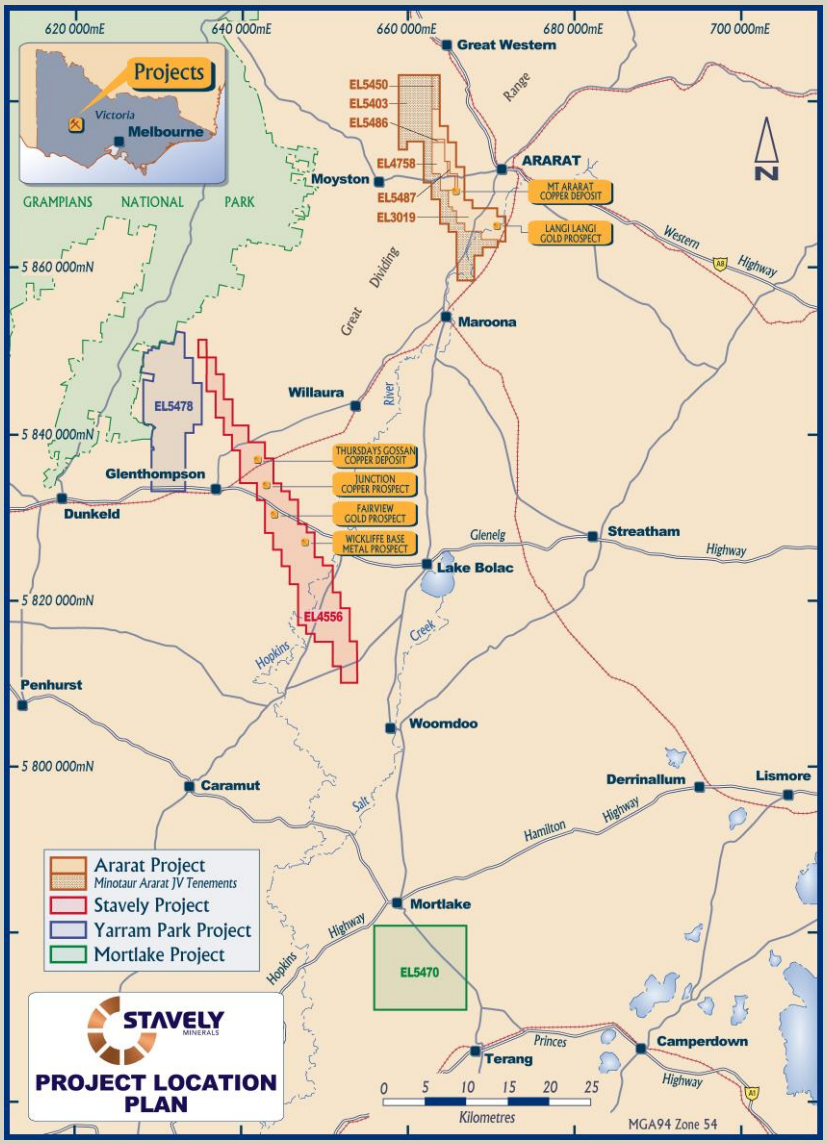


Figure 1. Tenement location map.

Stavely Minerals Limited (ASX Code: **SVY** – "Stavely Minerals") is pleased to advise that it intends to commence a Scoping Study to evaluate the potential for copper concentrate production from the chalcocite-enriched supergene 'blanket' at the **Thursday's Gossan** copper deposit, part of its **Stavely Copper-Gold Project** in Western Victoria (Figures 1-3), after receiving encouraging results from a conceptual study.

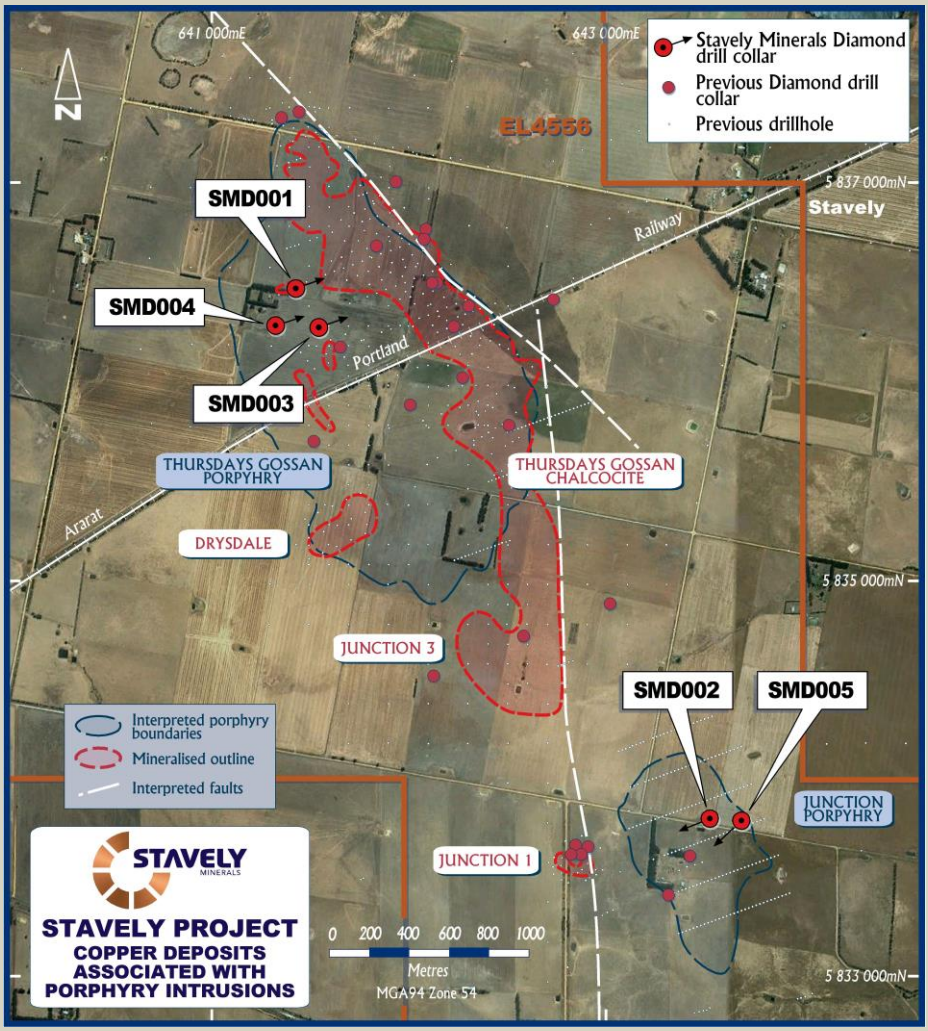


Figure 2. Prospect location map showing the chalcocite copper mineralisation projected to surface.

The conceptual study demonstrated sufficiently positive outcomes with respect to net revenue and Net Present Value, as well as an attractive Internal Rate of Return, for Stavely to proceed to a Scoping Study. However, there are not yet reasonable grounds to support the discussion of these projected economic outcomes in detail.

The key elements of the conceptual study included:

- An average feed grade of 0.5% copper;
- A sulphide flotation recovery of 87% (based on metallurgical testwork[3]); and
- A sulphide concentrate grade of 27% copper (based on metallurgical testwork) producing a very 'clean' concentrate with very low deleterious elements.

[2] *See Stavely Minerals Limited ASX announcement 29 September 2014 available at www.stavely.com.au*

[3] *Preparation and Flotation Testing of Thursday's Gossan for Beaconsfield Gold Ltd, Report number T0378, September 2008 - report by Burnie Research Laboratory*

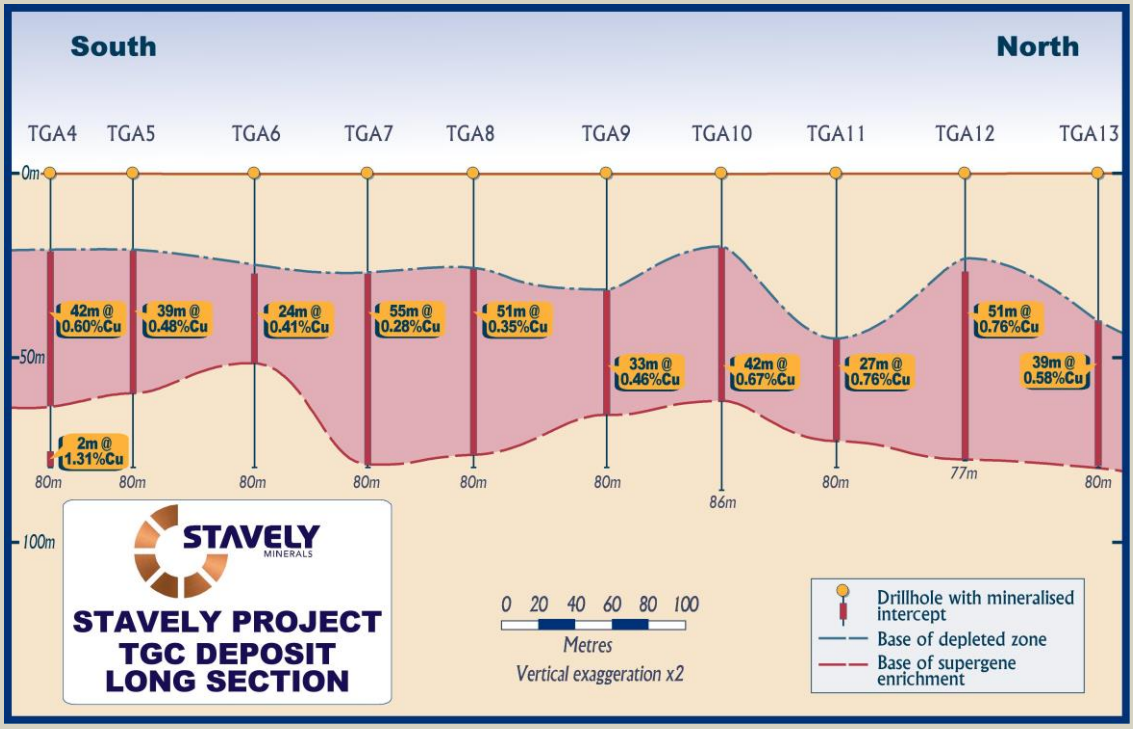
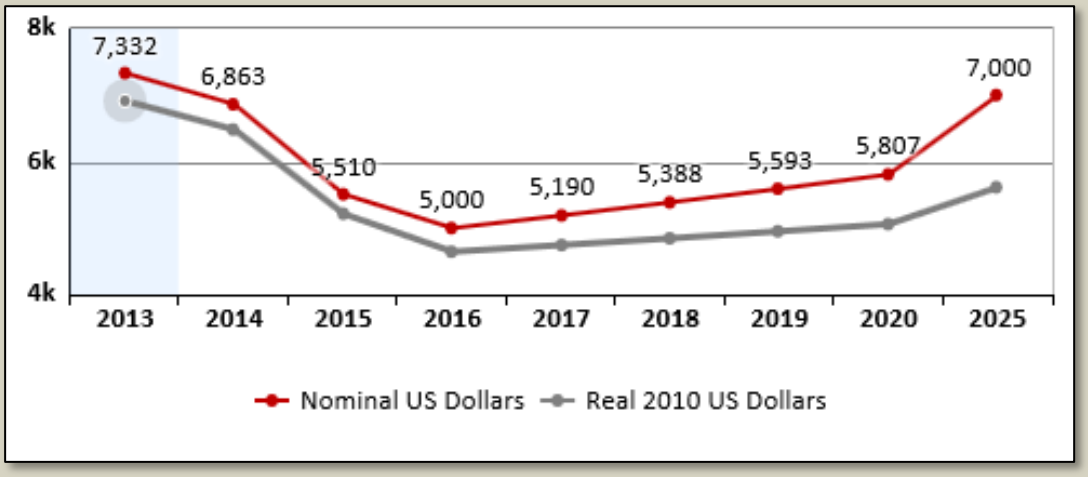


Figure 3. A Long section of the chalcocite-enriched copper mineralisation 'blanket'.

Financial assumptions included:

- World Bank forecast copper prices (see graphic below)
- A range of A$ / US$ exchange rates of A$1 = US$0.60 to US$0.75



World Bank Copper Price, US$/t (June 2016)

The conceptual study identified a number of opportunities to enhance project economics including:

- Increasing the size of the resource – recent drilling has identified chalcocite copper mineralisation outside the current Mineral Resource. Stavely Minerals' drill hole SMD004 intersected **52m at 0.23% copper** from 39m down-hole depth[2]. This intercept is located approximately 400m to the west of the existing Mineral Resource and

illustrates the potential for material increases in the Mineral Resource estimate in the area;

- Reducing the assumed mining and milling costs by investigating the suitability of using continuous surface mining equipment. The attraction of this mining method is that:
  - it is well suited to long and wide, flat-lying, mineralisation;
  - the oxidised nature of the mineralisation is well-suited to this mining method;
  - the product is already partially comminuted and reduces the need for primary crushing; and,
  - this mining method can be very selective in the vertical dimension.

- Reducing the processing costs through lowering reagent usage and by streamlining the processing flowsheet – the Scoping Study will investigate the potential to beneficiate the mineralisation from un-mineralised clays prior to flotation of the sulphide concentrate amongst other processing enhancements.

While the Mineral Resources at Thursday's Gossan are classified as Inferred, there is a moderate to high confidence that the mineralisation demonstrates lateral continuity. At the current drill spacing of approximately 80 metres, the true thickness and grade of supergene copper mineralisation between drill holes may not be sufficiently defined to warrant classification of Indicated Mineral Resources. This will be reviewed in the Scoping Study.

Chris Cairns
Managing Director

The information in this report that relates to Mineral Resources 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.

The information in this report that relates to the conceptual study is based on information compiled by Mr Bill Plyley, a Competent Person who is a Member of the Australian Institute Mining and Metallurgy. Mr Plyley is not full-time employee of the Company. Mr Plyley is the Non-Executive Chairman of the Board of Stavely Minerals Limited, is not a substantial shareholder of the Company and is an option holder of the Company. Mr Plyley 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 Plyley 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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