



ASX Code: SVY

Issued Shares: 80.8M

Cash Balance: \$1.2M

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

HIGHLIGHTS

Exploration

- Assay results received for drill hole SMD004 at **Thursday's Gossan** included 52m @ 0.23% copper from 39 metres drill depth, and 69 metres at 0.15% copper from 466 metres drill depth.
- Structural interpretation at **Thursday's Gossan** suggests the target porphyry to be offset by approximately 500 metres to the east by the low-angle 'normal' fault and to be closer to the surface.
- Down-hole EM conducted on recently completed drill holes at **Mount Ararat** has generated an off-hole conductor to the north of the existing Mineral Resource.
- Drill hole SARC011 at the northern end of the **Carroll's prospect** has produced a down-hole EM off-hole conductor of unresolved geometry.

Corporate

- During the Quarter, Stavely Minerals signed a \$2 million share subscription agreement with Tinline Drilling Pty Ltd ('Tinline Drilling').
- \$1.2M cash on hand as at 31 December 2014.

OVERVIEW

Diamond drilling commenced at the Ararat Project during the Quarter, with two tails drilled at the Carroll's prospect and one hole drilled at the Langi Logan gold prospect.

As previously reported in the September Quarter, maiden drilling at the Mount Ararat VMS confirmed its potential with every hole intercepting copper-gold-zinc-silver mineralisation, including intervals of up to 5.98% copper, 0.55 g/t gold, 2.31% zinc and 17 g/t silver. Observed sulphide mineralisation, magnetite and manganese-rich intervals in RC drill holes completed into the upper portion of the Carroll's prospect ground EM conductor plate has confirmed a highly prospective VMS exhalative environment.

A down-hole EM survey was conducted during the December Quarter on the recently completed drill holes at the Mount Ararat Deposit and Carroll's prospect. The aim was to identify more conductive zones at depth which potentially relate to well-developed copper-gold-zinc-silver mineralisation. The survey has provided off-hole conductors which will require further investigation.

A single diamond core hole was drilled at Langi Logan to test the favourable western margin of the basalt dome looking for Stawell style gold mineralisation associated with arsenopyrite. The drill hole intercepted sulphidic sediments and a 5m zone of sphalerite-quartz+chalcophyrite veining from 97m but did not return any material gold mineralisation.

Interpretation of the recently completed drilling at the Thursday's Gossan prospect indicates that the target zone has been fault offset to a position some 500 metres further east. This interpretation would result in the target zone being significantly closer to the surface and places it in an area which has been very lightly explored with sparse, shallow rotary air blast (RAB) drilling.

Stavelly Minerals are applying the latest thinking and exploration techniques, including ASD analysis, 3-D modelling, structural interpretation, sulphur isotope data and ground IP to help vector into the interpreted offset porphyry copper mineralisation. From investigations to date, it is anticipated that the better developed copper-gold mineralisation will be at shallower depths than previously expected.

The Company entered into a share subscription agreement with Titeline Drilling in October 2014. Under the agreement, Titeline Drilling has agreed to subscribe for up to \$2 million of shares, with Stavelly Minerals having the option to settle monthly drilling charges by way of 50% cash payment and 50% by way of offset of the price of subscription application for shares. During the Quarter, two subscriptions were made pursuant to the agreement.

EXPLORATION

During the December Quarter, Stavely Minerals conducted diamond core drilling at the Carroll’s prospect, north of the Mount Ararat VMS deposit and at the Langi Logan gold prospect in the Ararat Project (Figure 1). Down-hole EM was completed on the recent drill holes at the Mt Ararat and Carroll’s prospect.

At the Stavely Project, exploration activities included ASD analysis of the recent drill core from the five diamond holes at Thursday’s Gossan and Junction, as well as structural interpretation and 3D modelling of the Thursday’s Gossan porphyry system.

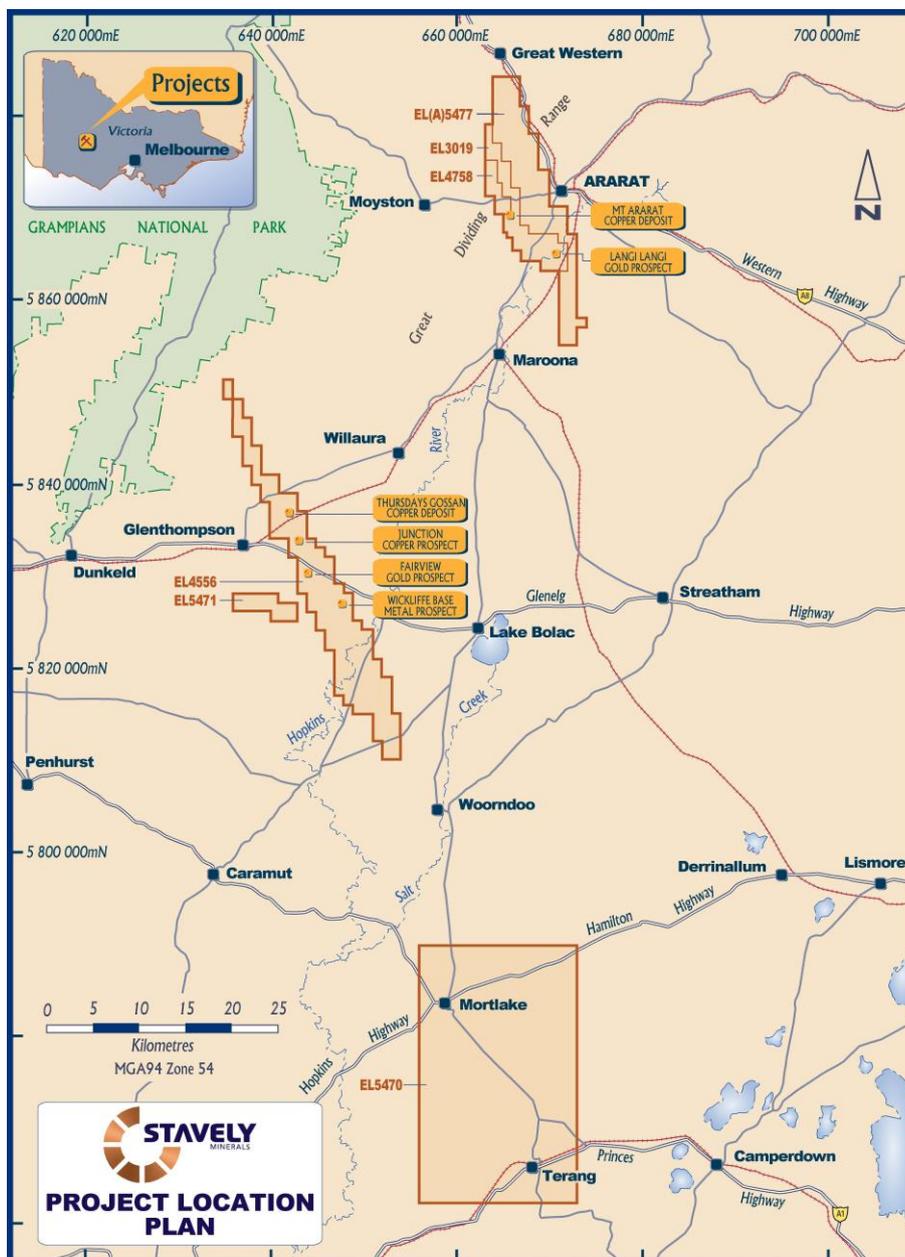


Figure 1. Project Location Plan.

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Ararat Project

Mount Ararat Deposit

A down-hole electromagnetic survey (DHEM) was conducted on three of the recently completed drill holes (SARC001, SARC007 and SARC009), which were drilled into the northern extensions of the known copper-gold-zinc mineralisation at the Mount Ararat VMS deposit.

The DHEM for SARC009, the northernmost drill hole, generated an off-hole conductor to the north of the existing Mineral Resource, which was assessed to be of similar intensity to that associated with other mineralised drill intercepts within the existing deposit.

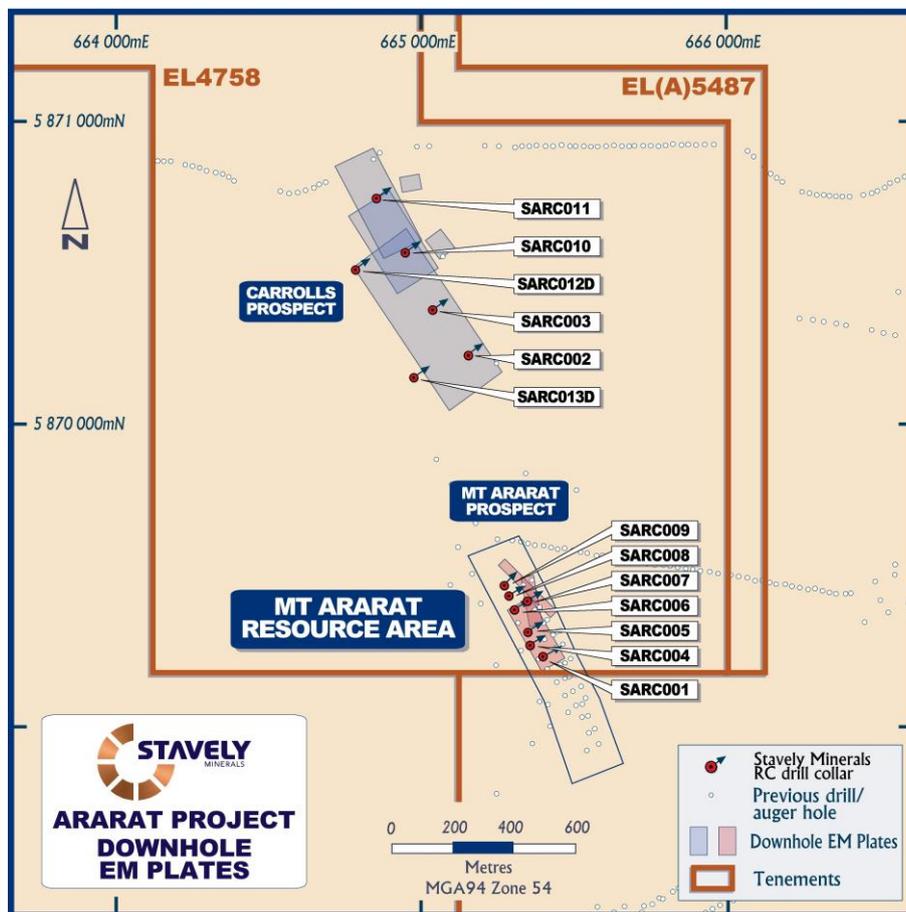


Figure 2. Ararat Project drill collar location plan with down-hole EM Plates.

Carroll's Prospect

During the Quarter, diamond tails were drilled on two of the RC drill holes (SARC012D and SARC013D) at the Carroll's prospect, located to the north of the Mount Ararat VMS deposit, to target the ground EM conductor plate at depth (Figure 2). The diamond tails were completed to a final hole depth of 440m and 417m for SARC012D and SARC013D, respectively.

Both diamond tails intercepted a thick exhalative horizon, in excess of 40 metres with disseminated pyrrhotite, pyrite and minor chalcopyrite (possibly some sphalerite) in laminations and small stringers.

A down-hole EM survey (DHEM), targeting well developed copper-gold-zinc-silver mineralisation at depth, was conducted on all 6 RC drill holes and the two diamond tails with the intention to identify more conductive zones at depth for further drilling, (Figure 2).

Drill hole SARC011, at the northern end of the Carroll's prospect, has produced an off-hole conductor of unresolved geometry, which will require further investigation.

Langi Logan Gold Prospect

In November 2014, one diamond drill hole (SLD001) was drilled for 350m at the Langi Logan gold prospect, targeting the western margin of the basalt dome looking for Stawell style gold mineralisation associated with arsenopyrite (Figure 3).

The Langi Logan gold target is hosted in a similar geological setting to the Stawell Gold Mine (located 35 kilometres to the north) with recorded historic and modern production of almost 5 million ounces of gold. Stawell-style gold mineralisation has been intercepted (2m at 9.2 g/t gold) by previous explorer, Newcrest Mining Limited, in what would appear to be a hanging wall lode in sulphidic sediments proximal to a contact with the Langi Logan basalt dome.

The IP survey conducted in October 2014 confirmed the position of the targeted faulted sediment/basalt contact. The results of the IP survey together with the previously completed gravity/magnetic inversions were used to plan the location of a diamond drill hole.

The diamond drill hole has confirmed the presence of the favourable host lithology – sulphidic sediments proximal to the contact with the Langi Logan basalt dome.

Further drilling is required to fully test the Langi Logan gold target.

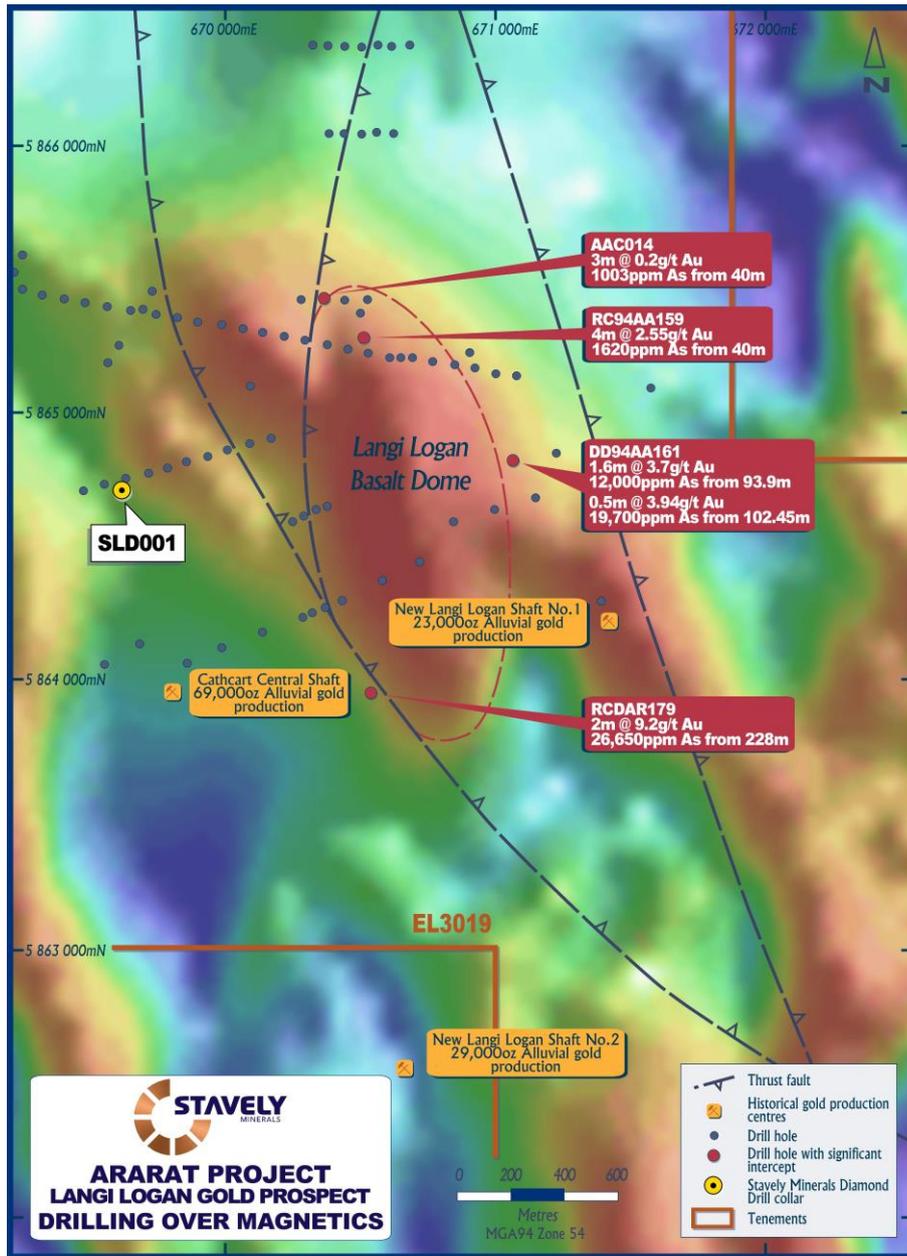


Figure 3. Langi Logan Gold Prospect Drill Hole Location Plan.

Stavelly Project

Thursday's Gossan Prospect

The drill holes at Thursday's Gossan (SMD001, SMD003 and SMD004) were designed to test a combined geologic target and the core of a geophysical IP chargeability anomaly (Figure 4). The chargeability anomaly was interpreted as a response to phyllic (silica-sericite-pyrite) alteration likely to occur above, and as an overprint on, the main potassic altered core of the porphyry which is expected to host the best developed copper-gold mineralisation within the Thursday's Gossan porphyry system.

The outstanding results for SMD004 have been received and include:

- 52m @ 0.23% copper from 39 metres drill depth¹, and
- 69m @ 0.15% copper from 466 metres drill depth.

At a depth of 399m in SMD003, 420m in SMD001 and 480m in SMD004 a shallow dipping fault has been recognised which marks a sharp transition from well-developed phyllic alteration (interpreted as progressing proximal to the porphyry core) to more distal propylitic alteration below the fault (Figure 5). It is notable that low-grade copper mineralisation persists below the fault into the propylitic alteration and reinforces the potential for well-developed copper-gold mineralisation associated with the potassic core of the porphyry system. The intersection of the shallow dipping structure in all three drill holes has provided a good triangulation on the orientation of this structure. The structure is interpreted to have an apparent dip of 40 degrees to the west and a 'normal' sense of movement – that is the material above the fault has slipped down and to the west of the material below the fault (Figure 6).

If this structural interpretation is correct, the interpreted porphyry core would be much closer to the surface but approximately 500 metres further to the east than the previous target location. This interpretation is supported by an apparent structural repeat of a very magnetically distinctive serpentinised ultramafic unit on the eastern margin of the Thursday's gossan porphyry which is offset by approximately 500m (Figure 7). The new interpreted target location is very lightly explored with very little drilling. Sparse, shallow rotary air blast (RAB) drilling does host molybdenum anomalism which would be expected from the near surface expression of the interpreted offset structure.

ASD analysis of the recent drill core from the five diamond holes at Thursday's Gossan and Junction, as well as the 3 historic CRA diamond holes recently identified at the GSV Werribee core storage facility, has been conducted to assist with the alteration mapping.

¹ Previously reported in ASX announcement 29/09/2014 – Drilling Hits Higher Grade Copper Zones at Junction and Thursday's Gossan Porphyries.

During the Quarter, Stavelly Minerals commenced compiling the geology, geochemistry, geophysics and alteration mineralogy into a 3-dimensional model, incorporating the shallow dipping structure for the Thursday's Gossan system, in order to determine where the next drill holes should be targeted.



Figure 4. Thursday's Gossan and Junction Prospects Drill Hole Location Plan.

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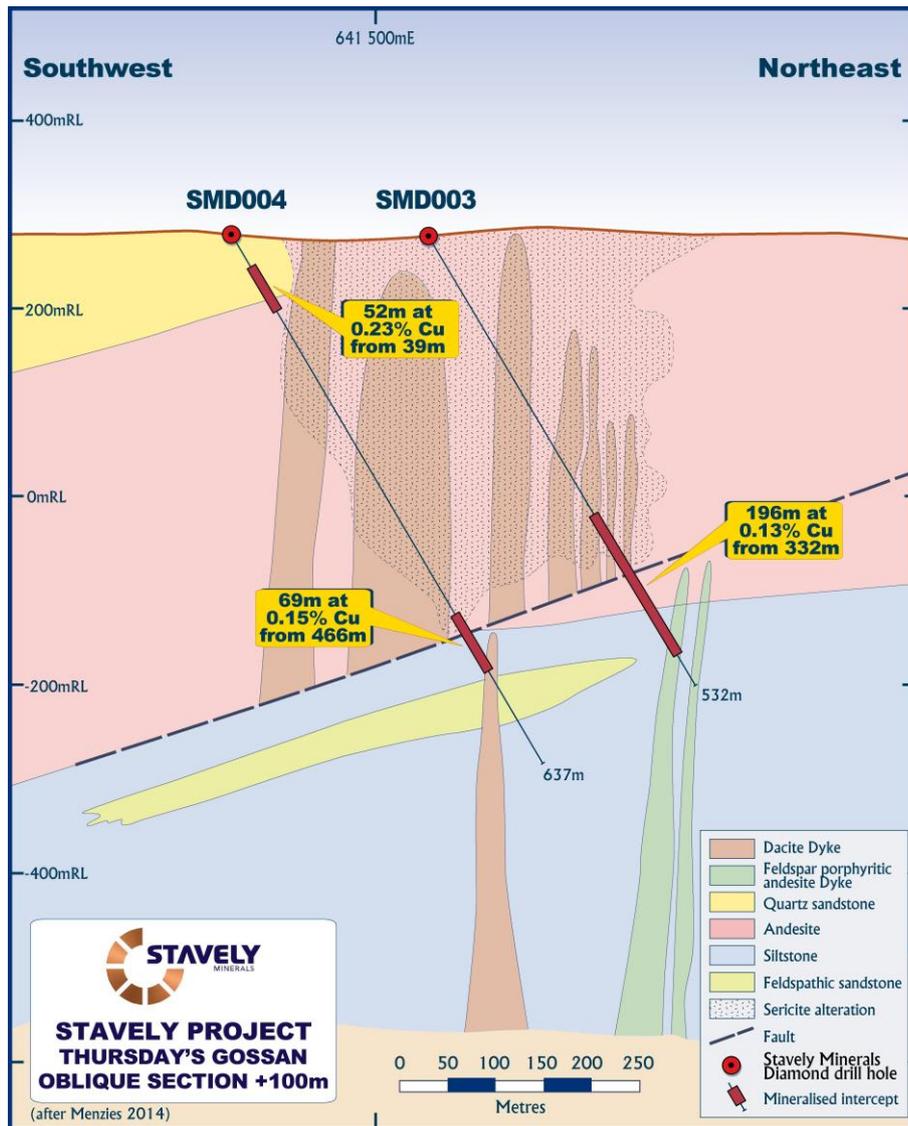


Figure 5. Thursday's Gossan Prospect Oblique Section for SMD003 and SMD004.

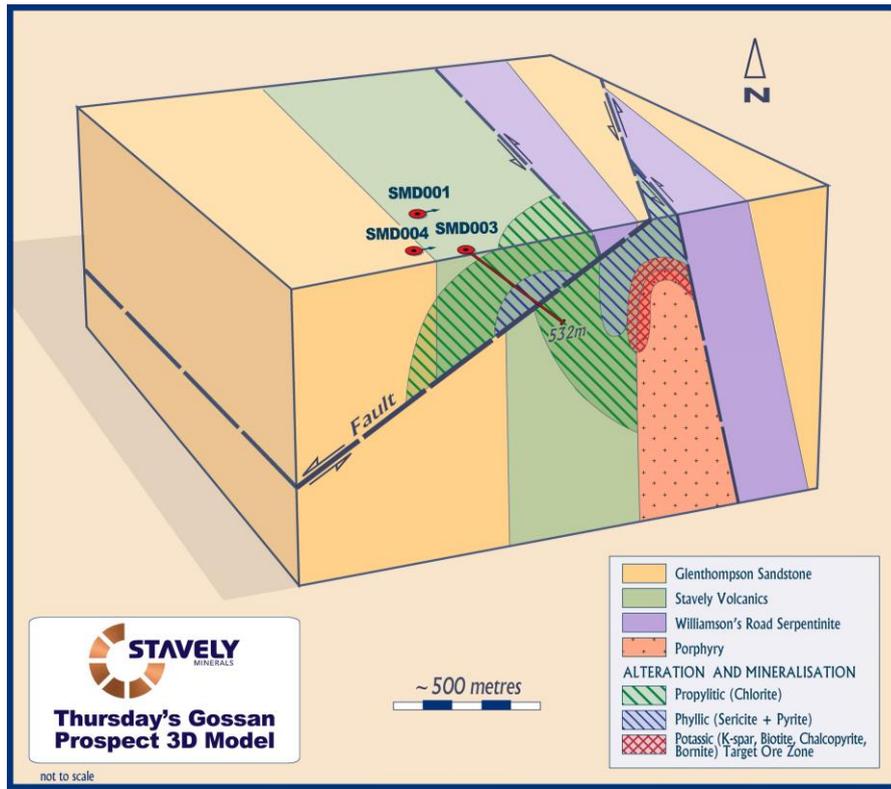


Figure 6. 3D conceptual model of Thursdays Gossan porphyry and 'normal' structural offset.

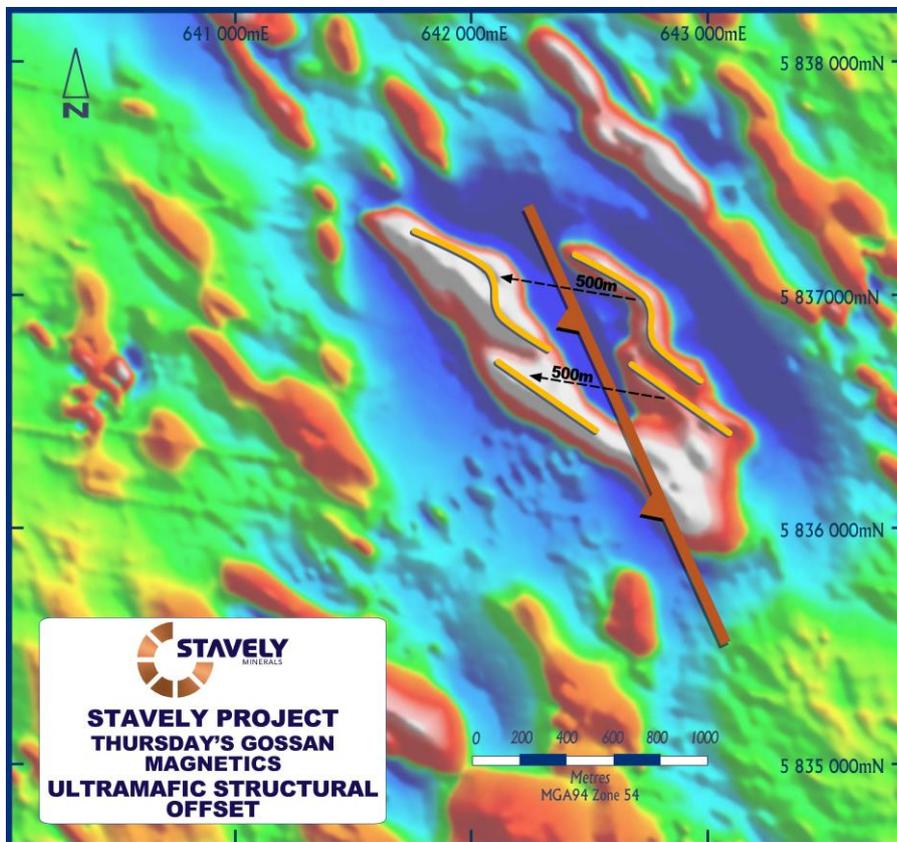


Figure 7. Thursdays Gossan Magnetism Ultramafic Structural Offset.

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Planned Exploration

Ararat Project

Planned exploration for the March 2015 Quarter includes field mapping and Niton® XRF geochemical surveys in the vicinity of the Borbidge prospect. Borbidge is a historic copper production centre, approximately 2 kilometres south of the Mount Ararat copper deposit along the prospective exhalative horizon on the contact between the Carrolls Amphibolite and the Lexington Schist (Figure 8).

At the South Pole Prospect (Figure 8), reconnaissance RC drilling will be planned to test the previously undrilled EM conductor generated by the ground EM survey. The primary intention of the holes will be to provide a platform for a down-hole EM (DHEM) survey.

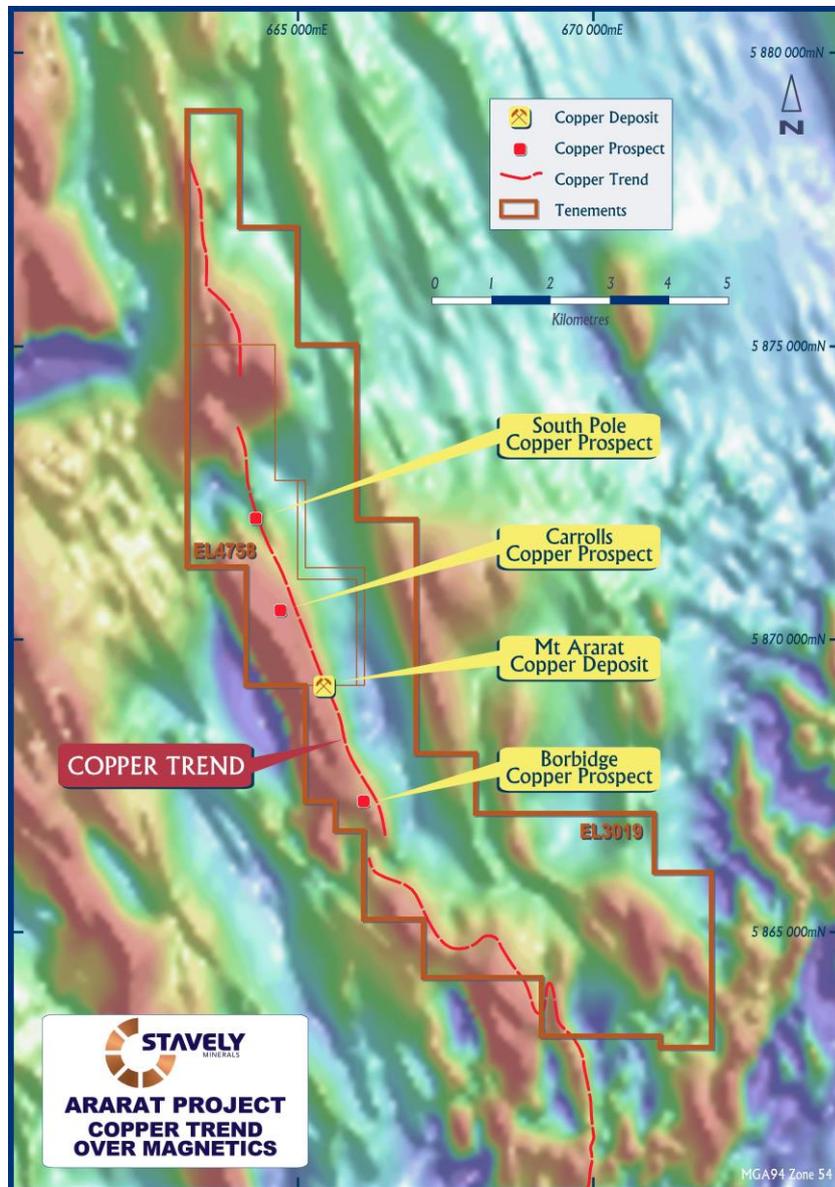


Figure 8. Location of Borbidge and South Pole Copper Prospects along the copper trend.

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Stavely Project

Following field verification, which is scheduled for the March 2015 Quarter, the 3-dimensional model for the Thursday's Gossan system, incorporating geology, geochemistry, geophysics and alteration mineralogy will be finalised.

A ground Induced Polarisation (IP) survey will be conducted during the following Quarter to extend the geophysical lines to the east, as the new interpreted position of the target zone is outside the extent of the previous survey.

Sulphur isotope analysis will be conducted on the copper mineralisation above and below the low-angle offset structure in the three recently completed diamond drill holes (SMD001, SMD003 and SMD004) targeting the Thursday's Gossan Porphyry. This data will be used to confirm the direction of movement with the more strongly negative sulphur isotope values indicating a greater proportion of magmatic source fluids and proximity to the source intrusion.

Mortlake Project

A ground Induced Polarisation (IP) survey has been scheduled for the March 2015 Quarter to test three magnetic features within the Mortlake Project that resemble the geophysical signatures of the porphyries in the Mount Stavely Volcanic Belt (Figure 9).

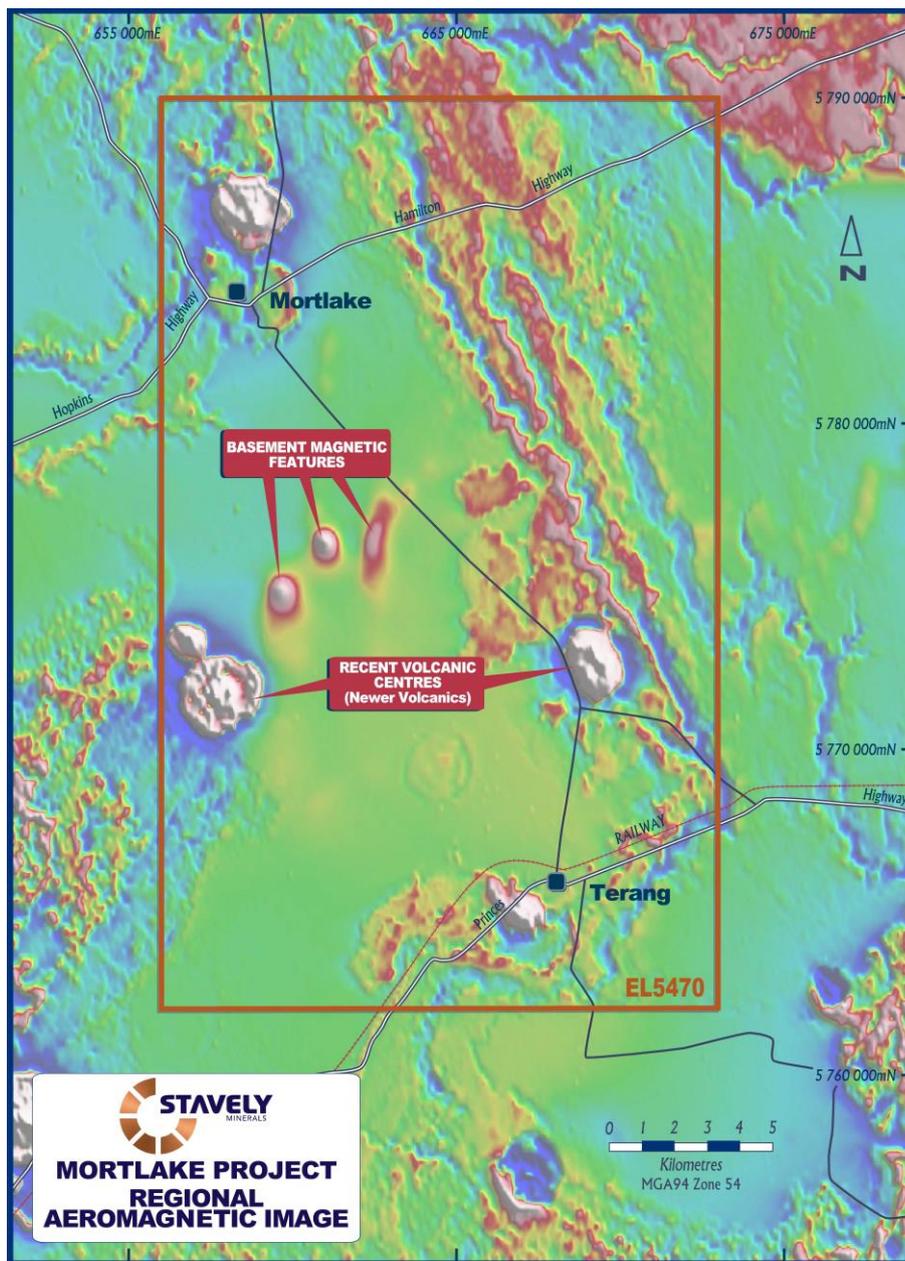


Figure 9. Mortlake Project Regional Aeromagnetic Image.

CORPORATE

Stavely Minerals had a total of \$1.2M cash on hand at the end of the December 2014 Quarter.

Stavely Minerals entered into a share subscription agreement with Titeline Drilling in October 2014. Under this agreement, Titeline Drilling has agreed to subscribe for up to \$2 million of shares, with Stavely Minerals having the option to settle monthly drilling charges by way of 50% cash payment and 50% by way of offset of the price of subscription application for shares. The subscription price for each subscription application made will be based on the lower of a 5-day and 10-day VWAP of Stavely Minerals' shares as at the date of each application. It is anticipated that the subscriptions will take place over the next 12 months.

During the Quarter, two subscriptions were made pursuant to this agreement.

The \$2 million Share Subscription Agreement will substantially increase the amount of drilling metres available for the Company's flagship copper-gold and VMS projects in Western Victoria.

ANNOUNCEMENTS

Investors are directed to the following announcements (available at www.stavely.com.au) made by Stavely Minerals during and subsequent to the December 2014 Quarter for full details of the information summarised in the Quarterly Report.

27/01/2015 - Outline 2015 Copper and Gold Exploration Programmes

20/11/2014 - AGM Presentation

24/10/2014 - Quarterly Cashflow Report

24/10/2014 - Quarterly Activities Report

07/10/2014 - \$2 Million Share Subscription Agreement

Tenement Portfolio - Victoria

The tenements held by Stavely Minerals Limited as at 31 December 2014 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km ²)
East Ararat	ELA 5477	(26 April 2013)	86
Mt Ararat	EL 3019	21 December 1989	42
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Mortlake	EL 5470	17 June 2013	475
Glenthompson	EL 5471	17 June 2013	15
Mt Ararat	EL 5486	10 July 2014	2
Mt Ararat	ELA 5487	(21 June 2013)	5
Ararat	RLA 2011	(14 August 2013)	11
Ararat	RLA 2011	Withdrawn	11
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139

During the quarter, a renewal application was lodged for EL 3019 prior to the tenement's expiry on 21 December 2014. The tenement was originally granted in 1989 and as it is 25 years old, exceptional circumstances are required for a renewal to be granted. The Company has requested that the decision on the cancellation of EL 3019 be deferred until a decision is reached regarding retention licence application RL 2020, which covers the majority of the tenement.

The Company did not dispose of or apply for any tenements during the quarter.



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.

With respect to reporting of the Mineral Resources at the Mt Ararat VMS copper-gold-zinc deposit, the information is extracted from the report entitled "Stavely Minerals Limited – Prospectus" created on 26 March 2014 and is available to view on www.stavely.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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