



ASX Code: SVY

Issued Shares: 120.2M

Cash Balance: \$3.64M

ABN 33 119 826 907

Directors

William Plyley

Chris Cairns

Jennifer Murphy

Peter Ironside

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HALF-YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Highlights

- Assays confirm copper-moly-silver discovery at 'The Bank' breccia prospect within the Ravenswood Project in north Queensland.
- Assays from the first two diamond drill holes at 'The Bank' indicate the presence of a large copper-moly-silver sulphide mineralised hydrothermal system with results including 6m at 1.31 % copper, 100 ppm molybdenum and 12.4 g/t silver.
- Vein-hosted and breccia-hosted mineralisation has been intersected in all five drill holes completed at 'The Bank'.
- Victorian Government co-funded Induced Polarisation programmes to test the porphyry/intrusive-related target at the Toora West prospect in the Yarram Park Project and the mesothermal to epithermal gold targets at the Fairview prospect in the Stavely Project commenced in November.

Major Achievements

- Surface exploration and drilling within the Ravenswood Project in north Queensland has identified a large mineralised hydrothermal system at 'The Bank' breccia prospect.
- In western Victoria the co-funded Victorian Government exploration programmes have commenced. Stavely Minerals received offers of over \$1M of exploration co-funding for five projects under the TARGET Minerals Exploration Initiative.
- The Company raised \$2M through a share placement and a further \$1.53M from a Share Purchase Plan. The funds raised are being used to accelerate drilling programmes in Queensland targeting breccia-hosted gold mineralisation and in western Victoria targeting porphyry copper-gold mineralisation.

Outlook

Stavely Minerals will continue to be very active in field programmes in the coming half year. Initially the focus will be the geophysical and drilling programmes in western Victoria which will provide exceptional value for Stavely Minerals' shareholders as the Victorian Government's TARGET exploration initiative co-funds 50% of our approved exploration activities.

As the wet season in Queensland abates around early April, reconnaissance field exploration programmes will commence in the Ravenswood Project evaluating the Trieste goldfield, the Kirk goldfield and areas south of the Burdekin River prospective for both epithermal gold and VMS base metals / gold systems. Ongoing review of Stavely Minerals' copper-moly-silver discovery at 'The Bank' prospect will include a review by porphyry experts to determine if the source porphyry presents a viable drill target.

With a capital raising successfully completed at the end of half-year, the inclusion of Victorian Government co-funding for approved activities in western Victorian exploration and our on-going share subscription agreement with our drilling company, Stavely Minerals is well funded through this coming period of very active field exploration programmes.

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Directors

William Plyley (Non-Executive Chairman)
Christopher Cairns (Managing Director)
Jennifer Murphy (Technical Director)
Peter Ironside (Non-Executive Director)

Company Secretary

Amanda Sparks

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Share Registry

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Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth Western Australia 6000

Bankers

ANZ Bank
32 St Quentins Avenue
Claremont Western Australia 6010

Stock Exchange Listing

Australian Stock Exchange Limited
Level 40, Central Park, 152-158 St Georges Terrace
Perth Western Australia 6000
ASX Code: SVY

Auditors

BDO Audit (WA) Pty Ltd
Chartered Accountants
38 Station Street
Subiaco Western Australia 6005

Your Directors submit their interim financial report on the consolidated entity consisting of Stavely Minerals Limited ("Stavely") and the entities it controls at the end of the half-year ended 31 December 2016.

DIRECTORS

The Directors in office at the date of this report and at any time during the half-year are as follows. Directors were in office for the entire period unless otherwise stated.

William Plyley
Christopher Cairns
Jennifer Murphy
Peter Ironside

PRINCIPAL ACTIVITY

The Group's principal activity was mineral exploration during the half-year. There were no significant changes in the nature of the principal activities during the half-year.

REVIEW AND RESULTS OF OPERATIONS

SUMMARY OF FINANCIAL PERFORMANCE

A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	Six Months Ended 31 December 2016 \$	Six Months Ended 31 December 2015 \$
Cash and cash equivalents held at half-year end	3,642,877	2,159,098
Net profit/(loss) for the half-year after tax	(2,128,155)	(2,154,785)
Basic profit/(loss) per share (cents)	(2.12)	(2.32)
Net cash (used in) operating activities	(1,192,384)	(1,110,936)
Net cash (used in) investing activities	(29,091)	(47,549)
Net cash from financing activities	3,344,186	1,376,435

During the half-year:

- On 16 November 2016, Stavely issued 13,333,334 new shares at an issue price of \$0.15 per share pursuant to a placement to sophisticated and institutional investors. Gross proceeds raised totalled \$2,000,000.
- On 8 December 2016, Stavely issued 10,210,000 new shares at an issue price of \$0.15 per share under a Share Purchase Plan. Gross proceeds raised totalled \$1,531,500.
- Expenditure on exploration totalled \$853,512 (2015 half year \$968,805).
- 895,180 ordinary shares (\$145,019) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust.

SUMMARY OF OPERATIONS

During the half-year exploration at the western Victoria copper gold projects included Induced Polarisation (IP) geophysical surveys at the Yarram Park and Stavely Projects (Figure 1). The Victorian Government co-funded IP survey at the porphyry/ intrusive – related Toora West target on Yarram Park has increased the data resolution which significantly up-graded the constraints along strike and permitted 3D inversion modelling and allowed for improved drill targeting. Two diamond drill holes were planned at Toora West to be collared outside the target feature dipping towards the main chargeability high and the margin of the target feature. The Induced Polarisation survey at the Fairview mesothermal to epithermal gold target, which is co-funded by the Victorian Government, commenced in December and was on-going at the end of the half-year.

Exploration activities carried out at the Ravenswood Project in north Queensland included reconnaissance field investigations, detailed prospect scale mapping, rock chip sampling, soil and stream sediment sampling and diamond drilling (Figure 2). The systematic surface exploration programmes resulted in the identification of 'The Bank' breccia-hosted gold target. Diamond drilling at 'The Bank' intersected vein-hosted and breccia-hosted mineralisation. Assays confirmed a copper-moly-silver discovery at 'The Bank'.

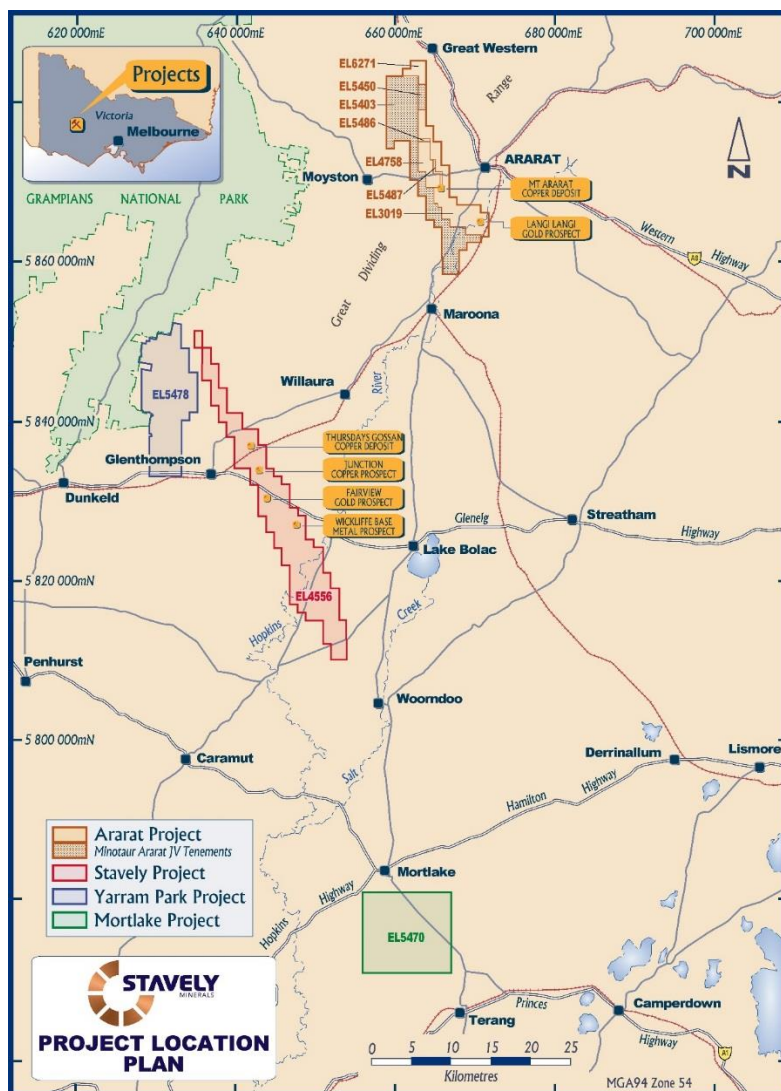


Figure 1. Western Victoria Project location plan.

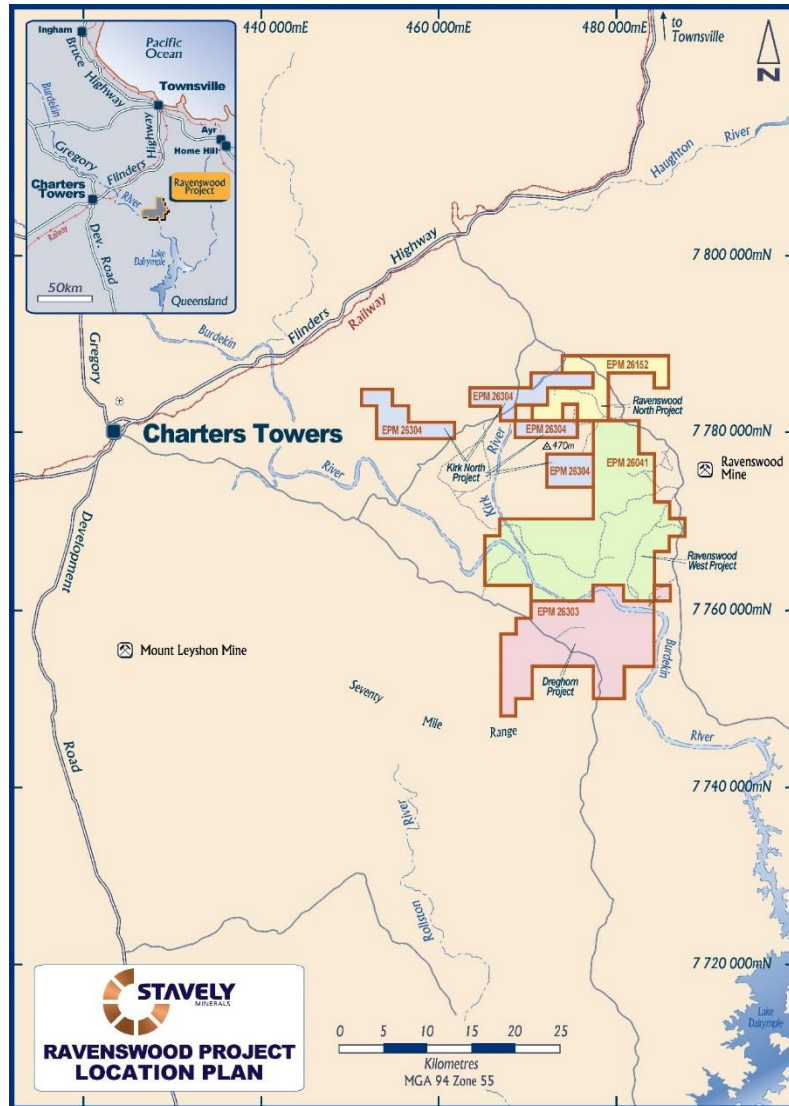


Figure 2. North Queensland Project location plan.

ARARAT PROJECT (EL 4758, EL 3019, EL 5486, EL 5403 & EL 5450)

Exploration at the Ararat Project during the half-year was limited to the planning of a follow-up IP survey at the Honeysuckle gold prospect. The IP survey is part of the Victorian Government co-funded programme and is scheduled for the first Quarter 2017. Previous IP data collected over the Curtis Diorite in the Honeysuckle Mine area led to the identification of a number of chargeability features which were considered worthy of follow-up (Figure 3). There are a number of historic mines, including the Honeysuckle Mine, hosted within a late-phase intrusive granite. Field investigations have identified alteration which may indicate the presence of a reasonably sized gold mineralised system, although historic mining focussed upon narrow, high-grade reefs. With the gold being hosted within an intrusive, IP is likely to be effective in identifying sulphides potentially associated with gold mineralisation.

The strongest response was open to the northwest and required further investigation which can be achieved by additional IP coverage to the north.

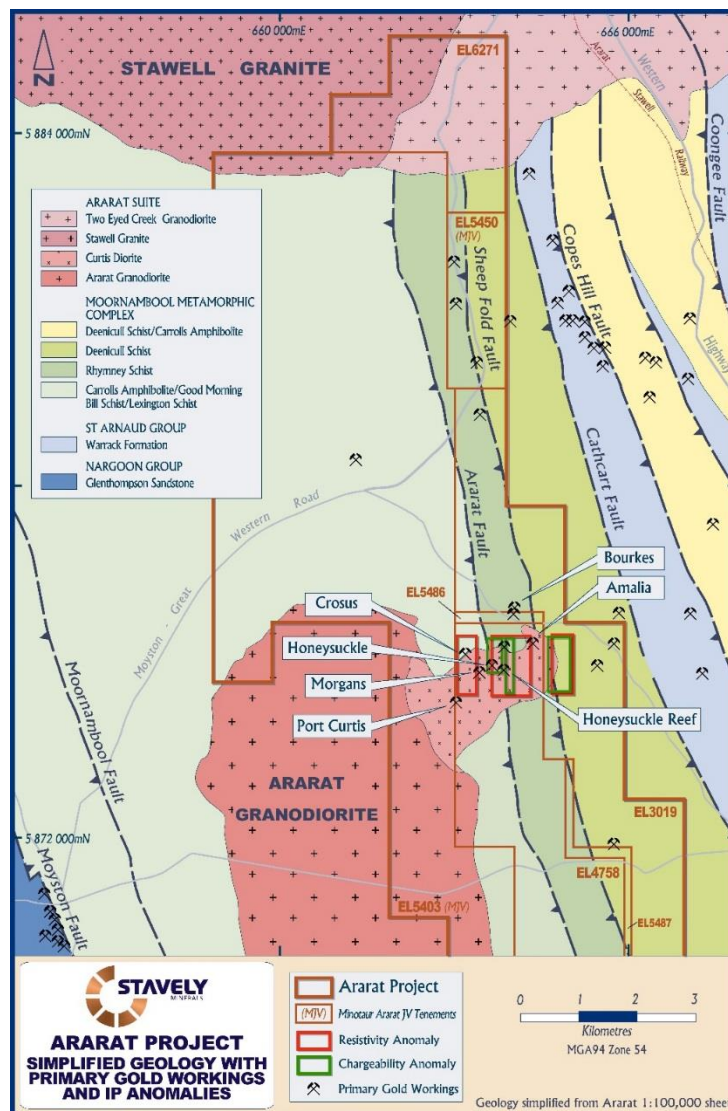


Figure 3. Ararat Project – Simplified geology with primary gold workings and IP anomalies.

STAVELY PROJECT (EL 4556)

Fairview Gold Prospect

During the half-year, the IP survey commenced at the Fairview gold prospect, where a 4.8 kilometre long mesothermal to epithermal gold in soils anomaly was originally identified in soil sampling and followed-up with shallow reconnaissance aircore, RC and limited diamond drilling. The drilling conducted by Beaconsfield Gold Mines Pty Limited between 2006 and 2010 returned numerous anomalous gold intercepts, including 2.5m at 17.44 g/t gold, 2m at 16.06 g/t gold and 4m @ 6.69 g/t gold. However, previous drilling has failed to provide a focus for further drilling which could potentially lead to the discovery of a Lake Cowal-style gold deposit.

The IP survey will provide valuable data on which to target future drill programmes, with the chargeability features providing information regarding the location of the sulphides and the resistivity features on the silica alteration and veining.

The IP survey will be completed in early 2017.

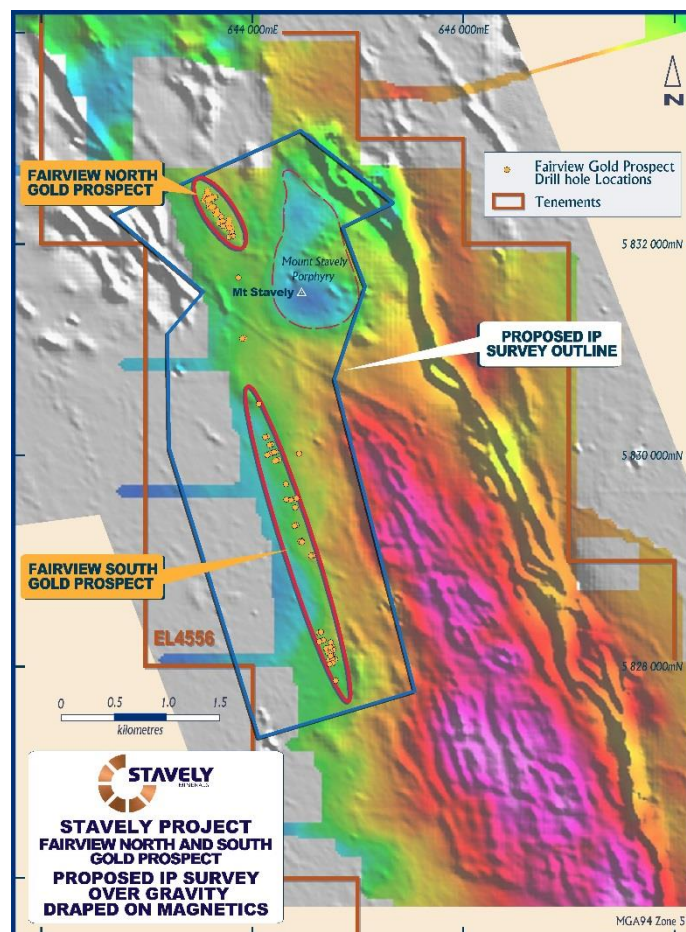


Figure 4. Fairview North and South Gold prospects – IP Survey outline over gravity draped on magnetics.

Rock-chip samples collected as part of the reconnaissance field investigations at the Fairview gold prospect during the half-year returned results of up to 1.12 g/t gold and 74.7 g/t silver in brecciated chalcedonic quartz and quartz veining.

Yarram Park Project (EL 5478)

The geophysical signature, comprising a magnetic high, gravity low and peripheral IP chargeability anomalies (Figure 5) present at Toora West, make this prospect a very attractive conceptual geologic target and a priority for drill testing.

The follow-up IP survey at Toora West which was scheduled ahead of the diamond drilling programme was completed in November. The survey closed-up the line spacing, and significantly improved the constraints along strike and also permitted 3D inversion modelling and improved drill targeting.

Bedrock geological information is necessary to advance the Project. Consequently two holes have been planned to be collared outside the target feature dipping toward the main chargeability high and the margin of the target feature. Drill holes have been designed to provide the widest possible cross-section of geology across the identified chargeable source and margin of the hypothesized intrusion. The diamond drilling is scheduled for early 2017.

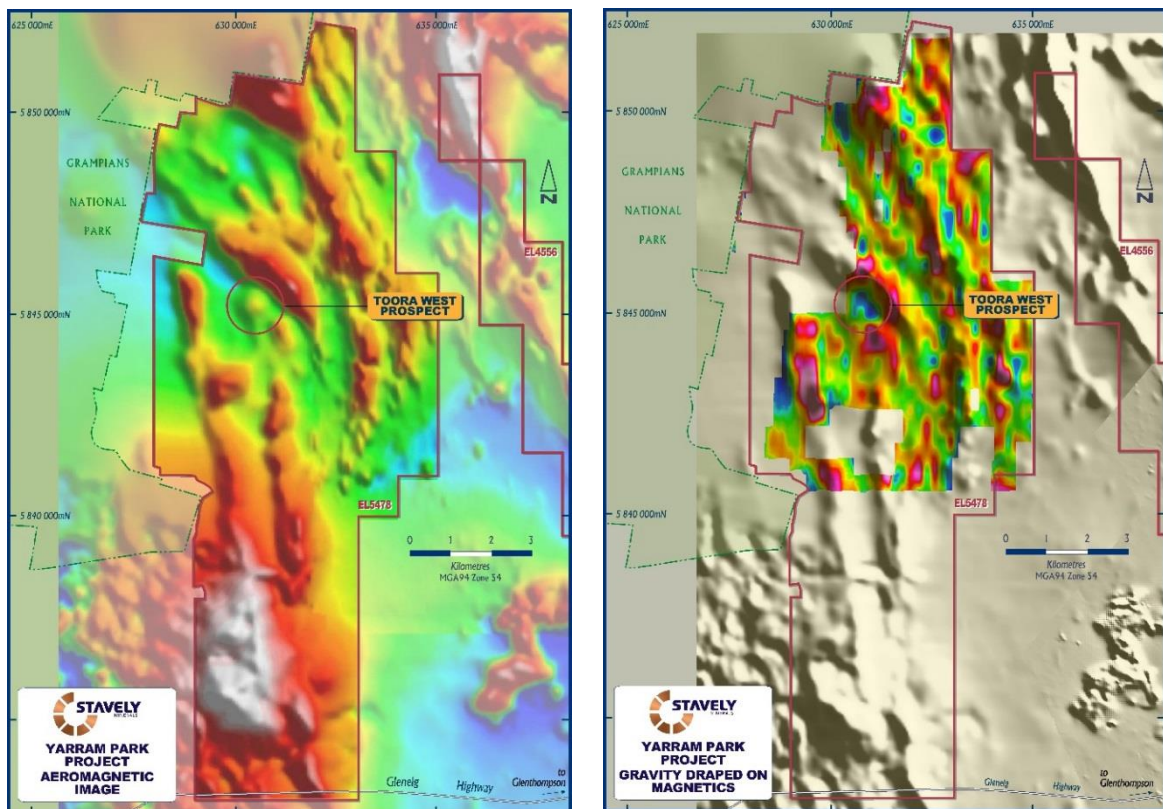


Figure 5. Prospect location maps on aeromagnetics (left) and gravity draped on grey-scale magnetics (right).

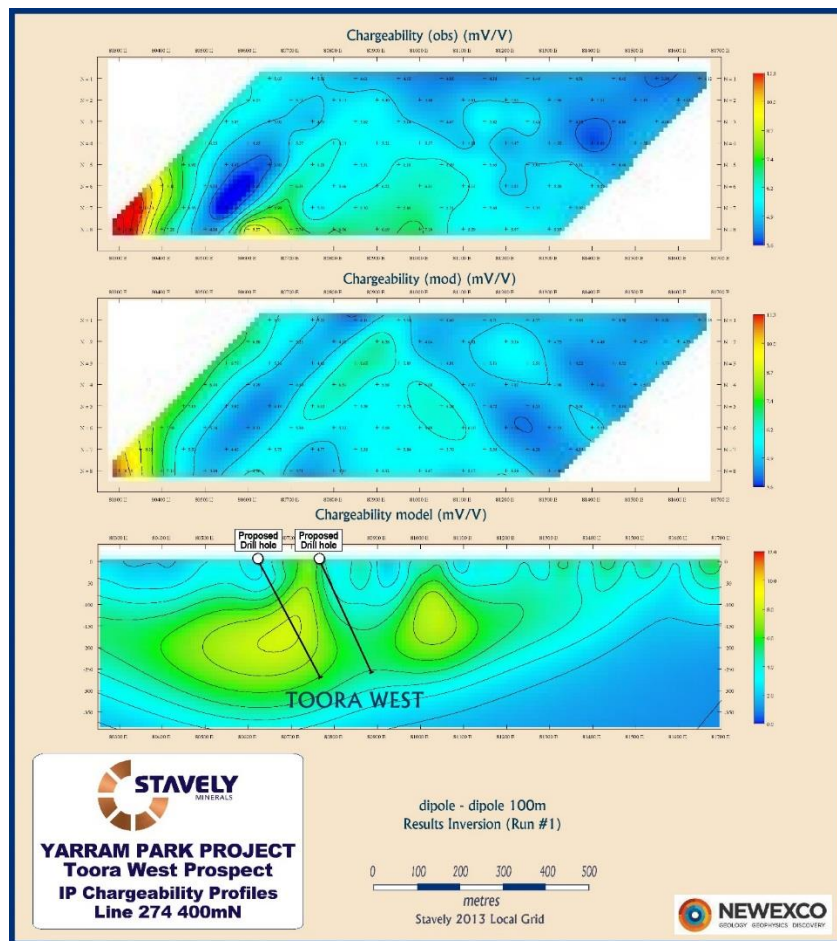


Figure 6. Yarram Park Project – Toora West IP chargeability anomalies.

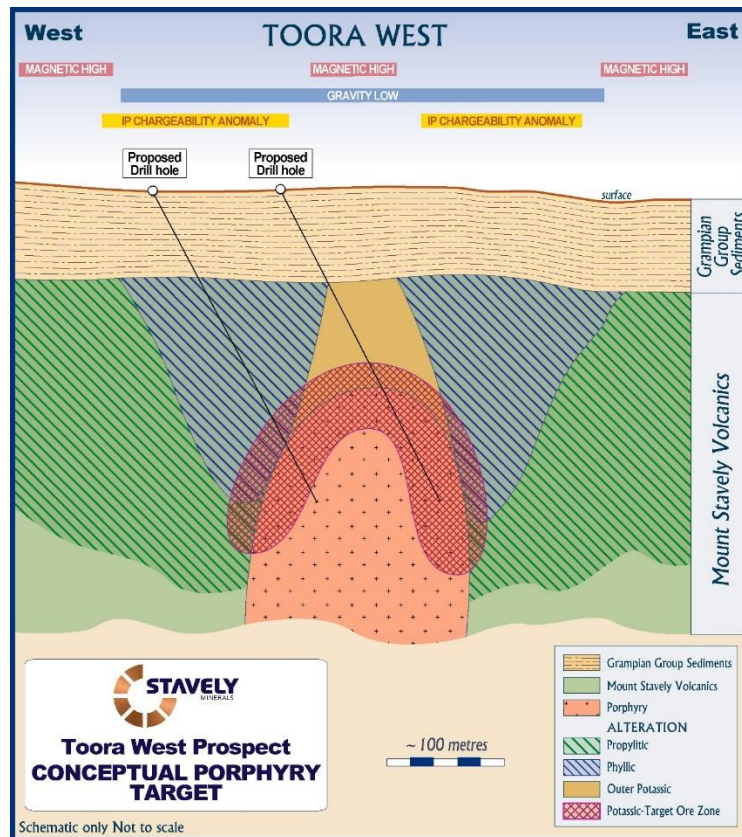


Figure 7. Toora West porphyry copper-gold deposit conceptual model and observed geophysical responses.

RAVENSWOOD PROJECT (EPM26041)

The Bank Breccia Prospect

During the half-year, field mapping, rock chip and soil sampling conducted at the Ravenswood West Project led to the identification of 'The Bank' breccia-hosted gold target, located on EPM26041 approximately 10km from the Ravenswood Gold Mine operated by Resolute Mining Limited (Figure 8). 'The Bank' breccia is interpreted to be a sub-volcanic breccia pipe formed by deep-seated explosive fracturing of a column of rock above a porphyry intrusion (Figure 9). The brecciated column of rock can be in excess of 1km in vertical extent.

At 'The Bank' breccia there is evidence of poly-phase brecciation, quartz veining and sulphide mineralisation both as disseminations and as fill in the core of dog's tooth and banded quartz veins. The breccia system appears to encompass three low hills including 'The Bank' breccia to the south, Hamish's Hill to the north and Chalcedony Hill to the east (Figure 10). Rock-chip sampling confirms the 'spotty' gold anomalism with more consistent anomalism in elements considered to reflect the very high level of exposure of the breccia pipe system including lead, silver, arsenic and antimony. Rock-chips up to 0.5 g/t gold and high silver to 28.5 g/t with associated high lead values to 7,740 ppm characterise Hamish's Hill (Figure 10). At 'The Bank' breccia, rock-chip results have returned gold up to 0.25 g/t with high silver to 45.7 g/t associated with strong arsenic and antimony anomalism to 4,310 ppm and 1,720 ppm respectively (Figure 10).

In north-east Queensland these breccia pipes are often associated with porphyritic rhyolite intrusions and, due to the additional porosity induced by the often multiple brecciation events, present ideal hosts for later Intrusive-Related Gold System (IRGS) style gold mineralisation.

Other notable IRGS gold deposits in north-east Queensland include:

Kidston	5.0 million ounces of gold (breccia-hosted)
Ravenswood	4.8 million ounces of gold
Mount Leyshon	3.5 million ounces of gold (breccia-hosted)
Red Dome	2.1 million ounces of gold
Mungana	1.1 million ounces of gold
Mount Wright	1.0 million ounces of gold (breccia-hosted)
Welcome	0.21 million ounces of gold (breccia-hosted)

During November and December, five diamond holes were drilled for a total of 1,838 metres (Figure 11). Encouraging zones of vein-hosted and breccia-hosted quartz-carbonate-sulphide mineralisation were intersected in all five holes, with geological observations of the surrounding host rock sequence providing strong support for the geological model for 'The Bank' breccia. 'The Bank' breccia displays similarities to the Battle Mountain copper-moly-silver mineralisation in Nevada, USA.

Strong copper-moly-silver sulphide mineralisation was intercepted in drill hole SRD002 (Figure 12) within a broad interval of 22.8m at 0.60% copper there are higher grade intervals including:

- 12.4m at 0.95%, 120 ppm molybdenum and 8.0 g/t silver, including
- 6.05m at 1.31% copper, 100 ppm molybdenum and 12.4 g/t silver

The better developed mineralisation within the breccia complex is hosted within an interpreted tuffisite dyke similar to that at Mt Leyshon. Copper sulphide mineralisation is expressed as chalcopyrite and tennantite / tetrahedrite \pm bornite \pm molybdenite as disseminations, blebs, clots and breccia fracture fill.

'The Bank' breccia is now confirmed as a large copper-moly-silver hydrothermal system and is likely of Siluro – Devonian age. There is potential for a well mineralised copper-moly-silver porphyry at depth.

SRD002 Intercept table using 0.2% copper cut-off and 5m maximum internal dilution.

Ravenswood Project												
		MGA 94 zone 55					Intercept					
Hole id	Hole Type	East	North	Dip/ Azimuth	RL (m)	Total Depth (m)	From (m)	To (m)	Width (m)	Cu (%)	Mo (ppm)	Ag (g/t)
'The Bank' Breccia Prospect												
SRD002	DD	480045	7771233	-60/130	250	315	116.90	139.70	22.80	0.60		
						incl.	119.00	131.40	12.40	0.95	120	8.0
							122.95	129.00	6.05	1.31	100	12.4

Follow-up stream sediment sampling was conducted within the Ravenswood West Project area to find the source of the strong rare earths element anomalism identified in a stream sediment sample taken by BHP Minerals in the mid 1990's. The sample returned results up to 0.25% cerium, 0.14% lanthanum, 768 ppm neodymium, 218 ppm praseodymium and 102 ppm samarium, and other rare earth elements which to date have not been followed up. These 'Lanthanide' light rare earth elements are characteristic of a rare intrusive rock called a carbonatite which globally host the largest and highest grade rare earth deposits (eg. Mt Weld, in Western Australia).

The stream sediment sampling conducted in September along the Barrabas Creek and its' tributaries returned more anomalous results than the historical samples with up to 0.63% cerium, 0.34% lanthanum, 2,270 ppm neodymium, 672 ppm praseodymium and 345 ppm samarium.

Follow-up stream sediment samples were taken in the tributaries of the Barrabas Creek as well as in the tributaries of the Elphinstone Creek. These samples also returned highly anomalous rare earth element results, with one sample assaying 0.91% cerium, 0.43% lanthanum, 3,130 ppm neodymium, 926 ppm praseodymium and 514 ppm samarium. In addition to the anomalous rare earth assays, a number of samples assayed in excess of 0.1 g/t gold with a peak value of 1.1 g/t gold.

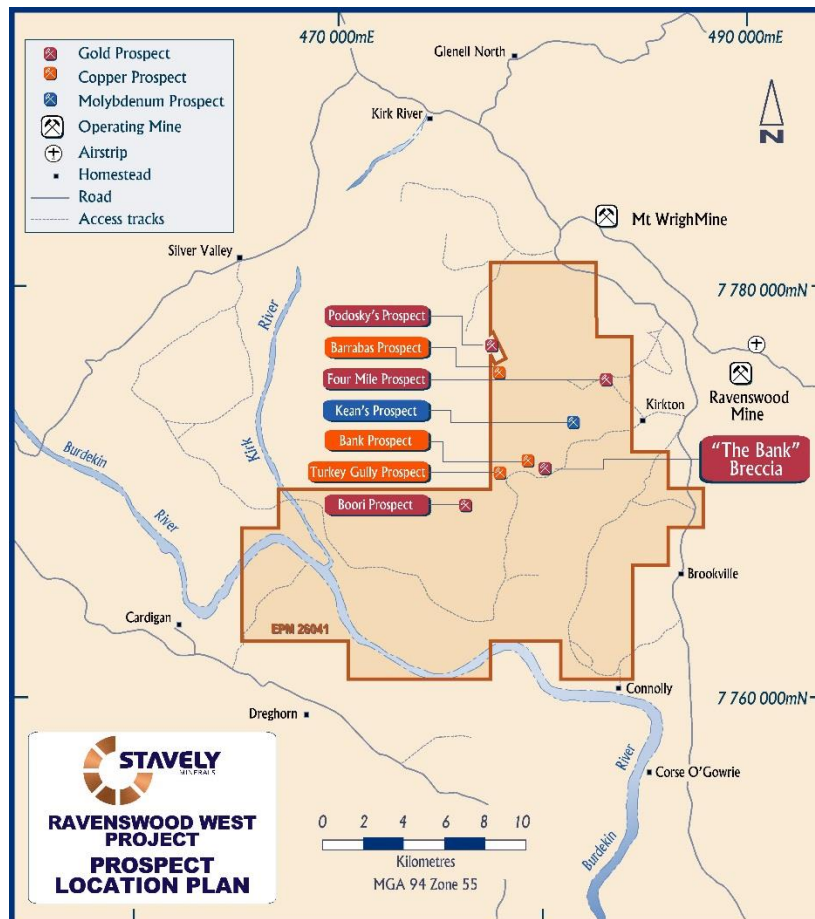


Figure 8. Ravenswood West Project – Prospect location plan.

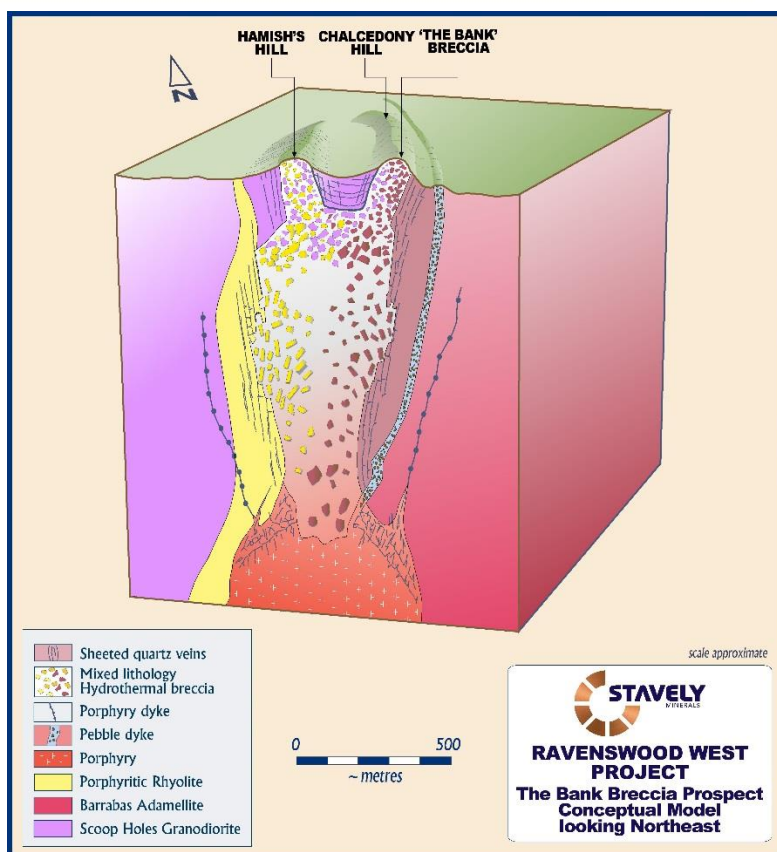


Figure 9. 'The Bank' breccia conceptual model.

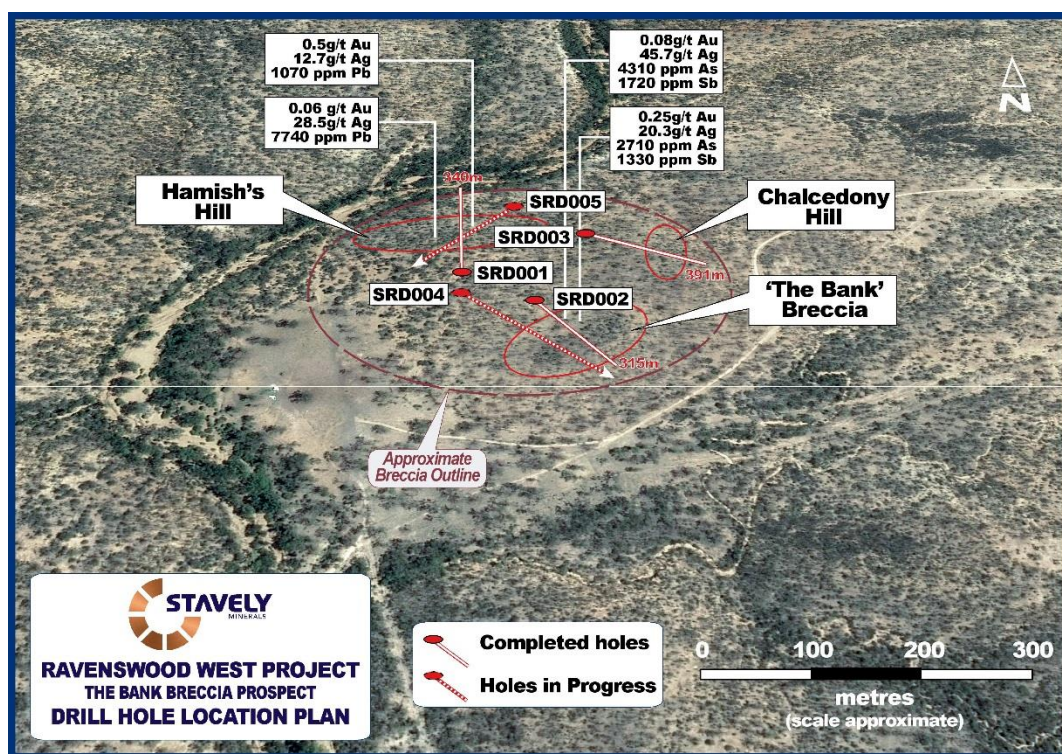


Figure 10. Google Earth image of 'The Bank' breccia area.

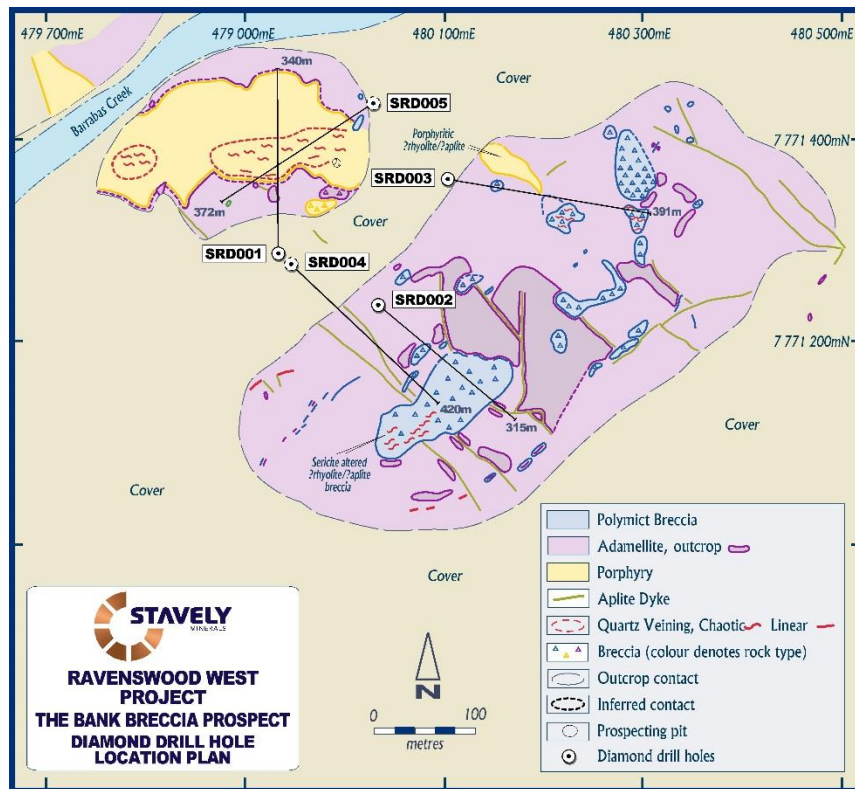


Figure 11. 'The Bank' breccia prospect – diamond drill hole location plan.

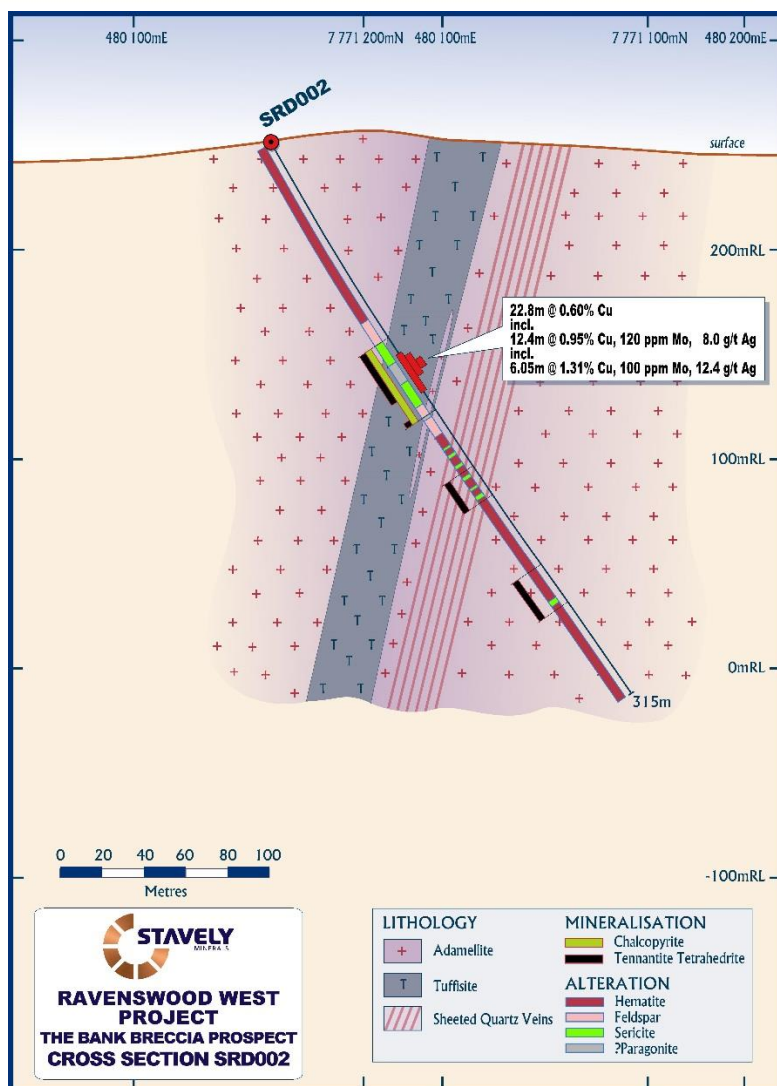


Figure 12. 'The Bank' breccia – Cross Section SRD002.

ANNOUNCEMENTS

The following announcements (available at www.stavelly.com.au) provide a more detailed description of the Company's operational activities for the half-year ended 31 December 2016 and subsequent activities:

- 01/09/2016 - Significant New Breccia-Hosted Gold Target Identified at Ravenswood Project, Queensland
- 08/11/2016 - IMARC 2016 Presentation
- 10/11/2016 - Capital Raising of up to \$3.5M to Fast-Track Exploration.
- 14/11/2016 - Share Purchase Plan – Cleansing Statement.
- 14/11/2016 - Share Purchase Plan – Offer Document.
- 28/11/2016 - The Bank Breccia Gold Prospect Drilling Update.
- 06/12/2016 - Share Purchase Plan Closed Oversubscribed.
- 10/01/2017 - First Assays Confirm Copper-Moly-Silver Discovery at the Ravenswood Project in North Queensland.
- 30/01/2017 - Quarterly Activities Report to December 2016
- 30/01/2017 - Quarterly Cashflow Report to December 2016.
- 22/02/2017 - Victorian Projects Drilling and Exploration Update.
- 22/02/2017 - RIU Explorers Conference Presentation.
- 09/03/2017 - Initial Assays Confirm High-Grade Mineralisation Controls

CORPORATE

In November 2016, Stavelly completed a capital raising which was underpinned by a Share Placement of 13.33 million shares at 15 cents per share to sophisticated and institutional investors to raise \$2 million before costs. The Share Placement was oversubscribed. In addition, the Company completed a Share Placement Plan (SPP), also at 15 cents to allow existing shareholders to participate in the capital raising on the same terms as the Share Placement. Stavelly offered eligible shareholders the opportunity to subscribe for new shares up to a maximum value of \$15,000 per eligible shareholder. Applications totalling \$1,531,500 were received, and while that total exceeded the target cap of \$1.5 million for the SPP, the Board decided to accept all applications without any scale back.

The funds raised through the combined Share Placement and SPP will primarily be used to accelerate drilling programmes in Queensland targeting breccia-hosted gold mineralisation and in western Victoria targeting porphyry copper-gold mineralisation.

Cash on hand at the end of December 2016 totalled \$3.64M, with a further \$1.35M available pursuant to the Share Subscription Agreement with Drilling contractor, Titeline Drilling Pty Ltd and \$1.05M Victorian Government co-funding.

SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 is included in this report, and can be found on the page following this report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read "Chris Cairns".

Christopher Cairns
Managing Director

Perth, Western Australia

9 March 2017

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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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF STAVELY MINERALS LIMITED

As lead auditor for the review of Stavely Minerals Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stavely Minerals Limited and the entity it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 9 March 2017

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the Half-Year ended 31 December 2016**



		Consolidated	
		Six months ended 31 December 2016	Six months ended 31 December 2015
	Note	\$	\$
Revenue and Income			
Interest revenue		15,604	30,372
Rental sub-lease revenue		20,149	19,736
		<u>35,753</u>	<u>50,108</u>
Expenses			
Administration and corporate expenses	2(a)	(312,403)	(351,615)
Administration – equity based payments	2(a)	(997,993)	(884,473)
Exploration expensed	2(b)	(853,512)	(968,805)
Total expenses		<u>(2,163,908)</u>	<u>(2,204,893)</u>
Profit/(loss) before income tax		(2,128,155)	(2,154,785)
Income tax expense		-	-
Profit/(loss) after income tax attributable to members of Stavely Minerals Limited		(2,128,155)	(2,154,785)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive profit/(loss) for the period		(2,128,155)	(2,154,785)
Loss per share for the half-year attributable to the members of Stavely Minerals Limited			
		Cents Per Share	Cents Per Share
Basic earnings/(loss) per share	3	<u>(2.12)</u>	<u>(2.32)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

as at 31 December 2016



	Note	Consolidated	
		31 December 2016	30 June 2016
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		3,642,877	1,520,166
Other receivables		317,098	87,281
Total Current Assets		3,959,975	1,607,447
Non-Current Assets			
Receivables		42,500	42,500
Property, plant and equipment	4	83,201	85,231
Deferred exploration expenditure	5	3,006,057	3,006,057
Total Non-Current Assets		3,131,758	3,133,788
Total Assets		7,091,733	4,741,235
LIABILITIES			
Current Liabilities			
Trade and other payables		129,648	173,730
Provisions		50,449	44,913
Total Current Liabilities		180,097	218,643
Total Liabilities		180,097	218,643
Net Assets		6,911,636	4,522,592
Equity			
Issued capital	6	15,844,852	12,325,646
Reserves		2,166,870	1,168,877
Accumulated losses		(11,100,086)	(8,971,931)
Total Equity		6,911,636	4,522,592

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS **for the Half-Year ended 31 December 2016**



	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Receipts in the ordinary course of activities (incl. GST)	78,857	107,889
Payments to suppliers and employees	(1,286,845)	(1,249,197)
Interest received	15,604	30,372
Net cash flows used in operating activities	(1,192,384)	(1,110,936)
Cash flows from investing activities		
Payments for plant and equipment	(29,091)	(47,549)
Net cash flows used in investing activities	(29,091)	(47,549)
Cash flows from financing activities		
Proceeds from issue of shares and options	3,531,499	1,583,203
Payment of share issue costs	(187,313)	(206,768)
Net cash flows used in financing activities	3,344,186	1,376,435
Net increase in cash and cash equivalents held	2,122,711	217,950
Add opening cash and cash equivalents brought forward	1,520,166	1,941,148
Closing cash and cash equivalents carried forward	3,642,877	2,159,098

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **for the Half-Year ended 31 December 2016**



	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2015	10,556,136	284,404	(5,969,904)	4,870,636
Profit/(loss) for the half-year	-	-	(2,154,785)	(2,154,785)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(2,154,785)	(2,154,785)
Transactions with owners in their capacity as owners:				
Issue of share capital	1,832,278	-	-	1,832,278
Cost of issue of share capital	(90,848)	-	-	(90,848)
Share based payments - options	-	884,473	-	884,473
	1,741,430	884,473	-	2,625,903
As at 31 December 2015	12,297,566	1,168,877	(8,124,689)	5,341,754
At 1 July 2016	12,325,646	1,168,877	(8,971,931)	4,522,592
Profit/(loss) for the half-year	-	-	(2,128,155)	(2,128,155)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(2,128,155)	(2,128,155)
Transactions with owners in their capacity as owners:				
Issue of share capital	3,706,519	-	-	3,706,519
Cost of issue of share capital	(187,313)	-	-	(187,313)
Share based payments - options	-	997,993	-	997,993
	3,519,206	997,993	-	4,517,199
As at 31 December 2016	15,844,852	2,166,870	(11,100,086)	6,911,636

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This half-year financial report for the six months ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 9 March 2017.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2016 and any public announcements made by Stavelly Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Stavelly Minerals Limited is a for-profit entity for the purpose of preparing the half-year financial statements.

(b) Statement of Compliance

These half-year financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(c) Adoption of new and revised standards

Early adoption of accounting standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2016.

New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Company's assessment of the impact of these new standards and interpretations that may have an impact on the Company is set out below:

AASB 9 Financial Instruments (effective from 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets. There is no material impact for Stavelly. This standard is not applicable until the financial year commencing 1 July 2018.

Six months ended 31 December 2016	Six months ended 31 December 2015
\$	\$

NOTE 2 - EXPENSES

(a) Administration and Corporate Expenses

Administration and corporate expenses include:

Depreciation - administration	1,335	698
Operating lease rental expense	74,242	76,747
Other administration and corporate expenses	236,826	274,170
	<u>312,403</u>	<u>351,615</u>
Administration – share based payments (refer note 7)	997,993	884,473
Total administrations costs	<u>1,310,396</u>	<u>1,236,088</u>

(b) Exploration Costs Expensed

Exploration costs expensed include:

Depreciation - exploration	29,786	37,754
Share based payments expensed (refer note 7)	175,019	249,074
Other exploration costs expensed	648,707	681,977
	<u>853,512</u>	<u>968,805</u>

NOTE 3 - EARNINGS PER SHARE

	Cents	Cents
Basic earnings/(loss) per share	(2.12)	(2.32)
	<u>\$</u>	<u>\$</u>
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	(2,128,155)	(2,154,785)
	<u></u>	<u></u>
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share	100,473,575	93,012,415

Diluted earnings per share are not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the earnings performance of the Company.

	31 December 2016 \$	30 June 2016 \$
NOTE 4 - PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles- at cost	57,364	28,273
Less: Accumulated depreciation	(26,536)	(21,204)
	<u>30,828</u>	<u>7,069</u>
Plant and equipment - at cost	182,977	182,977
Less: Accumulated depreciation	(130,604)	(104,815)
	<u>52,373</u>	<u>78,162</u>
Total property, plant and equipment	<u>83,201</u>	<u>85,231</u>

Reconciliation of property, plant and equipment:

Motor Vehicles

Carrying amount brought forward	7,069	15,550
Additions	29,091	-
Depreciation	(5,332)	(8,481)
Carrying amount carried forward	<u>30,828</u>	<u>7,069</u>

Plant and Equipment

Carrying amount brought forward	78,162	86,264
Additions	-	51,793
Depreciation	(25,789)	(59,895)
Carrying amount carried forward	<u>52,373</u>	<u>78,162</u>

NOTE 5 - DEFERRED EXPLORATION EXPENDITURE

Deferred exploration acquisition costs brought forward	3,006,057	2,982,126
Capitalised expenditure incurred during the period	-	23,931
Deferred exploration acquisition costs carried forward	<u>3,006,057</u>	<u>3,006,057</u>

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas.

	31 December 2016	30 June 2016
NOTE 6 – ISSUED CAPITAL		
(a) Issued Capital	\$	\$
120,199,377 ordinary shares fully paid	15,844,852	12,325,646

(b) Movements in Ordinary Share Capital

Summary of Movements	Six months ended 31 December 2016		Year ended 30 June 2016	
	Number of		Number of	
	Shares	\$	Shares	\$
Opening balance	95,490,593	12,325,646	87,110,206	10,556,136
Issued – entitlement issue	-	-	6,332,726	1,583,181
Issued - placement	13,333,334	2,000,000	-	-
Issued - share purchase plan	10,210,000	1,531,500	-	-
Issued – share subscription	895,180	145,019	1,961,886	266,379
Issued - other	270,270	30,000	85,700	30,000
Issued – options exercised	-	-	75	23
Costs of issues		(187,313)	-	(110,073)
Closing Balance	120,199,377	15,844,852	95,490,593	12,325,646

Placement

On 16 November 2016, Stavely issued 13,333,334 new shares at an issue price of \$0.15 per share pursuant to a placement to sophisticated and institutional investors. Gross proceeds raised totalled \$2,000,000.

Share Purchase Plan

On 8 December 2016, Stavely issued 10,210,000 new shares at an issue price of \$0.15 per share under a Share Purchase Plan. Gross proceeds raised totalled \$1,531,500.

Share Subscription Issues

During the six months to 31 December 2016, 895,180 ordinary shares (\$145,019) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust. Refer below for details of the agreement.

Share Subscription Agreement

In October 2014, Stavely Minerals entered into a \$2 million Share Subscription Agreement with its existing drilling contractor, Titeline Drilling Pty Ltd. Pursuant to this agreement, the drilling contractor 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 a cash payment and/or by way of offset of the price of subscription application for shares. As at 31 December 2016, cumulative subscriptions totalled \$651,056.

NOTE 6 – ISSUED CAPITAL - continued

Other Issues

On 5 July 2016, Stavely issued 270,270 new shares at an issue price of \$0.11 per share together as a consideration for the extension of a royalty option (\$30,000).

(c) Options on issue at 31 December 2016

		Issue Price of	
	Number	Shares	Exercise Date
Unlisted Options	5,150,000	21 cents	31 December 2017
Unlisted Options	9,100,000	26 cents	31 December 2017
Unlisted Options	14,400,000	27 cents	31 December 2017
	<u>28,650,000</u>		

During the half-year ended 31 December 2016:

- (i) No listed options were granted to shareholders (six months to 31 December 2015: 3,166,373);
- (ii) no listed options were exercised (six months to 31 December 2015: 75).
- (iii) 14,250,000 unlisted options were granted as share-based payments (six months to 31 December 2015: nil);
- (iv) 13,000,000 unlisted options expired (six months to 31 December 2015: nil); and
- (v) No unlisted options were exercised (six months to 31 December 2015: nil).

Six months ended	Six months ended
31 December	31 December
2016	2015
\$	\$

NOTE 7 – EQUITY-BASED PAYMENTS

(a) Value of equity based payments in the financial statements

Expensed in the profit and loss:

Equity-based payments- shares – exploration expense	175,019	249,074
Equity-based payments- options – administration expense	997,993	884,473
	<u>1,173,012</u>	<u>1,133,547</u>

(b) Summary of equity-based payments – shares - granted during the half-year:

On 6 July 2016, Stavely issued 270,270 new shares at an issue price of \$0.111 per share together as a consideration for the extension of a royalty option (\$30,000).

During the six months to 31 December 2016, 895,180 ordinary shares (\$145,019) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust. Refer to note 6(b).

NOTE 7 – EQUITY-BASED PAYMENTS - continued

(c) Summary of equity-based payments – options - granted during the half-year:

During the half-year ended 31 December 2016, the following unlisted options were granted:

- 5,150,000 unlisted options granted on 24 November 2016 to employees/consultants.
- 9,100,000 unlisted options as approved by shareholders at the 2016 Annual General Meeting, granted to directors or their nominees on 30 November 2016.

The assessed fair values of the options were determined using a Black-Scholes option pricing model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Grant date	24/11/2016	30/11/2016
Option exercise price (\$)	0.21	0.26
Expected life of options (years)	1.10	1.01
Dividend yield (%)	-	-
Expected volatility (%)	111.56	110.71
Risk-free interest rate (%)	1.72	1.73
Underlying share price (\$)	0.175	0.195
Value of Option (\$)	0.0695	0.0704
Vesting conditions	None	None

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

NOTE 9 – CASH FLOW INFORMATION

The following non-cash activities were undertaken:

Six months to 31 December 2016:

- 270,270 ordinary shares (\$30,000) were issued to Challenge Resources as consideration for extension of the Royalty Agreement (refer to note 6(b)); and
- 895,180 ordinary shares (\$145,019) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd (refer to note 6(b)).

Six months to 31 December 2015:

- 85,700 ordinary shares (\$30,000) were issued to Challenge Resources as consideration for extension of the Royalty Agreement (refer to note 6(b)); and
- 1,611,483 ordinary shares (\$219,074) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd (refer to note 6(b)).

NOTE 10 – SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the mining industry and are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, balance sheet and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

NOTE 11 – RELATED PARTY TRANSACTIONS

There have been no new related party transactions entered into since 30 June 2016, other than the grant of options – refer to note 7(c).

NOTE 12 – SUBSEQUENT EVENTS

There are no other matters or circumstances that have arisen since 31 December 2016 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial years.

1. In the opinion of the directors:

a) The financial statements and notes are in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory reporting requirements; and
- iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2016.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read "Chris Cairns".

Christopher Cairns
Managing Director

Perth, Western Australia

9 March 2017



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stavely Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Stavely Minerals Limited which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stavely Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stavely Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stavely Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Director

Perth, 9 March 2017