



**2015** Annual Report



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Jennifer Murphy (Technical Director)  
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Amanda Sparks

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Dear Shareholders

It is with pleasure that I present Stavely's 2015 Annual Report, and remind myself, after an intense year, how effective our team has been adding value in the Company.

We launched our public company in May 2014 with quality Copper and Gold deposits in western Victoria. We felt that the existing Inferred Mineral Resources at the 100%-owned Ararat and Stavely Projects required more material at similar grades to the Mt. Ararat deposit before we could consider mining. At the same time we recognized the under-explored potential for the Stavely Project to host a bulk tonnage gold-rich copper porphyry deposit that would be a game changer for the Company. We also planned to explore for gold on a small scale.

In all cases we have exceeded our expectations by fast-tracking exploration. At Ararat, we have been able to expand our project copper mineralisation potential by identifying surface mineralisation at the Carroll's Prospect. At Stavely, we have had a near miss with the game changer at the Thursday's Gossan Porphyry that has confirmed we are on the right track. And, as a bonus, we have discovered gold mineralisation in the Ararat Project that has the potential to develop into a major project for the Company.

The Carroll's Base Metal Prospect at the Ararat Project now has the potential for a new zone of Volcanogenic Massive Sulphides (VMS) mineralisation, similar in style to the Mt Ararat copper-gold-zinc deposit. Recent results from Carroll's demonstrate an 'orders of magnitude' spatially larger zinc-copper soil geochemical anomaly than at the Company's existing Mt Ararat copper-gold-zinc deposit. Carroll's and other potential VMS prospects within the 15 kilometre long prospective corridor in the Ararat Project could bring us much closer to our goal of becoming a metal producer.

At the Stavely Project we have been closing on what we believe is a large copper-gold porphyry at the Thursday's Gossan Prospect that, if successful, could dwarf our VMS copper production aspirations at Ararat. Drill results early in 2015 indicated we were within proximity of the core target when we hit an offsetting structure. We now have a compelling and coherent body of evidence indicating that the porphyry core is preserved and offset immediately north of holes drilled in late 2014. We are excited about drilling this target in the late 2015.

The Ararat district is also known for its historic 640,000-ounce alluvial gold production. However, the hard-rock source of the alluvial gold has never been discovered. We now believe we have drilled the hard-rock gold source at our White Lead Gold Prospect. Drilling at White Lead and surface sampling at the Cathcart Hill Gold Prospect indicate mineralisation similar to that of the six-million ounce gold Stawell Goldfield located some 30 km to the north. These exciting new gold targets will be an important part of next year's programme.

We have been so encouraged by our results at our Victorian projects that we have expanded our tenement holding 25% over the original holding in our May 2014 Prospectus. New porphyry targets such as Yarram Park are already emerging from these low-cost acquisitions.

The Stavely team led by Managing Director Chris Cairns remains highly committed and continues to keep exploration our core activity at all levels of the Company. Chris Cairns and fellow Executive Director, Jennifer Murphy, have spent considerable time in the field walking the tenements, sampling and evaluating data. In FY 2015, Stavely was able to direct an impressive 79% of cash expenditure toward exploration. Our peer group would be expected to spend 26-30% on exploration<sup>1</sup>. We are convinced that discovery through effective exploration of our highly prospective projects will return the best value to shareholders.

Our drilling contractor is also convinced and has agreed to take up to 50% payment in Stavely shares. This innovative agreement has allowed us to gain further exploration outcomes than would normally be expected.

At year-end, in a tough market, new sophisticated and institutional investors showed their enthusiasm for our projects by strongly supporting our capital raise of \$1.4 million. As a follow on to that share placement, you, our

<sup>1</sup> Grant Thornton, October 2014; "Jumex Industry Position Survey"

shareholders also demonstrated your commitment to our projects and our approach by taking up non-renounceable entitlement issues raising an additional \$1.58 million.

As at 30 June, the Company has an increased market capitalisation of 75% compared to the original IPO in May 2014. Importantly, we are debt-free and cashed-up with well-considered exploration programmes for an increased number of opportunities to build upon our existing quality assets.

It is with admiration that I thank the Stavely Team for spending time away from their families to give us a year of great outcomes from hard work.

Support from our shareholders, especially in this tough market has been outstanding; thank you very much.

I have no doubt that our range of projects, our expertise and our commitment will continue to provide manifold opportunities for growth in our Company value.

WILLIAM (BILL) PLYLEY

## Overview

### EXPLORATION

The Company's assets are located in western Victoria and are prospective for copper-gold mineralisation with existing VMS-style and porphyry deposits. The two flagship projects, Ararat and Stavely, host Inferred Mineral Resources that contain over 130Kt of copper and over 19,000 ounces of gold plus accessory zinc and silver. Stavely Minerals is targeting a Cadia-type gold-copper porphyry (Stavely Project), and a Degruessa-style VMS (volcanogenic massive sulphide) deposit (Ararat Project). There are now also indications of Stawell-style gold mineralisation at Cathcart and White Lead prospects (Ararat Project).

The Ararat Project hosts Besshi-style VMS copper-gold-zinc mineralisation at Mt Ararat with Total Mineral Resource of 1.3 Mt at 2.0% copper, 0.5 g/t gold and 0.4% zinc and 6 g/t silver including 0.25Mt at 2.2% copper in Indicated Mineral Resources with the remainder of the Total Mineral Resource classified as Inferred Resources. Stavely's initial drilling at the Mount Ararat VMS deposit 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.

To the north of the existing Mineral Resource, recent soil sampling has defined a large zinc-copper geochemical anomaly that is 1.5km in strike (open to the north) with rock-chips of sub-cropping gossan returning 10.8% copper, 1.5 g/t gold and 0.4% zinc at the Carroll's Base Metal prospect.

Also at the Ararat Project, recent soil sampling has identified two Stawell-style gold prospects at Cathcart Hill and White Lead. Rock chips have returned up to 5.6 g/t gold at the White Lead prospect from within a 1.2km long Stawell-style soil geochemical anomaly.

Significant high-grade assay results were received from a three hole diamond drilling programme at the White Lead Gold prospect, including gold intercepts of up to 11.3 g/t gold. The drilling is considered to have been successful in confirming the structural orientations controlling the hard rock mineralisation adjacent to the historic alluvial Ararat Goldfield.

At Cathcart Hill, the soil anomaly is 800m long and open to the north. Both of these gold prospects are on the western side of the Ararat Goldfield with significant historic alluvial and deep lead production of circa 640,000 ounces of gold but with no known hard-rock source.

In the Stavely Project, immediately post-IPO in May 2014, deep diamond drilling of the Thursday's Gossan and Junction prospects commenced targeting the untested potential for mineralised copper-gold porphyry(s) at depth. The drill holes were designed to test a combined geologic target and a geophysical IP chargeability anomaly.

The first phase of deep diamond drilling into the Thursday's Gossan porphyry target returned broad zones of low-grade copper mineralisation, including 196m at 0.13% copper, 52m at 0.23% copper, 82.3m at 0.12% copper and 62m @ 0.17% copper.

Deep diamond drilling at Junction also returned broad zones of low-grade copper mineralisation, including 62m at 0.17% copper, as well as narrow higher grade

mineralisation including 5m at 1.38% copper and 0.25 g/t gold.

Detailed analysis of the three diamond holes drilled at Thursday's Gossan in 2014 indicated the porphyry target has been transposed north and east beneath a low-angle offset structural zone. Management now have strong evidence based on structural kinematic indicators, 3D modelling, spatial analysis of alteration mineralogy, sulphur isotopes and geophysics indicating the movement and location of the target copper-gold zone to the north and east.

Drill results from previous operators in the vicinity of the new target zone include, 7.7m at 4.14% copper, 1.08 g/t gold and 77 g/t silver, and 9.5m at 2.93% copper, 0.44 g/t gold and 42 g/t silver and 32m at 0.8% copper and 0.4 g/t gold.







## Review of Operations

### Background

The Ararat and Stavelly Projects are located approximately 200 kilometres west of Melbourne and are respectively just west of the regional centre of Ararat, Victoria and just east of the regional town of Glenthompson (Figure 1).

The Projects include exploration tenements with a total area of 415 square kilometres of 100% owned and 72 square kilometres of joint venture tenure. The Projects have excellent infrastructure and access with paved highways, port connection by railroad and a 62 MW wind farm located 8 kilometres from the Stavelly Project. The primary land use is grazing and broad acre cropping.

### Regional Geology

The Ararat and Stavelly Projects, while only 40 kilometres apart, are hosted within materially different geologic domains (Figure 2).

The Ararat Project is hosted in the Stawell - Bendigo zone of the Lachlan Fold Belt and is comprised of Cambrian age mafic volcanic and pelitic sedimentary units of the Moornambool Metamorphics which were metamorphosed to greenschist to amphibolite facies during the Silurian period.

The Stavelly Project is hosted in Cambrian age Delamerian Orogeny submarine mafic and intermediate volcanics and tuffs which were overlain by quartz-rich turbidite sequences of the Glenthompson Sandstone. These sequences were deformed in the late-Cambrian. Recent seismic traverses by the Victorian Department of Economic Development, Jobs, Transport and Resources in western Victoria have supported the interpretation

of an Andean-style convergent margin environment for the development of the buried Stavelly Arc beneath the Stavelly Volcanic Complex and environs (Cayley, in prep, pers. comm., 2013). This regional architecture is considered conducive to the formation of fertile copper / gold mineralised porphyry systems (Crawford et al, 2003) as is the case with the Macquarie Arc in New South Wales, which hosts the Cadia Valley and North Parkes copper-gold mineralised porphyry complexes.

The Lachlan Fold Belt and Delamerian sequences are in fault contact through large-scale thrusting along the east dipping Moyston Fault (Cayley and Taylor, 2001).

Largely unconformably overlying both these domains by low-angle

décollement is a structural outlier of the younger Silurian fluvial to shallow marine sandstone to mudstone sequences of the Grampians Group.

### Mineral Resources

The Ararat and Stavelly Projects host Mineral Resources reported in compliance with the 2012 JORC Code:

#### (a) Ararat Project Mineral Resource

In the Ararat Project, the Mount Ararat prospect hosts a Besshi-style VMS deposit with an estimated (using a 1% Cu lower cut-off) Total Mineral Resource of **1.3Mt at 2.0% copper, 0.5 g/t gold, 0.4% zinc and 6 g/t silver for a contained 26kt of copper, 21,000 ounces of gold, 5.3kt of zinc and 242,000 ounces of silver** (Table 1).

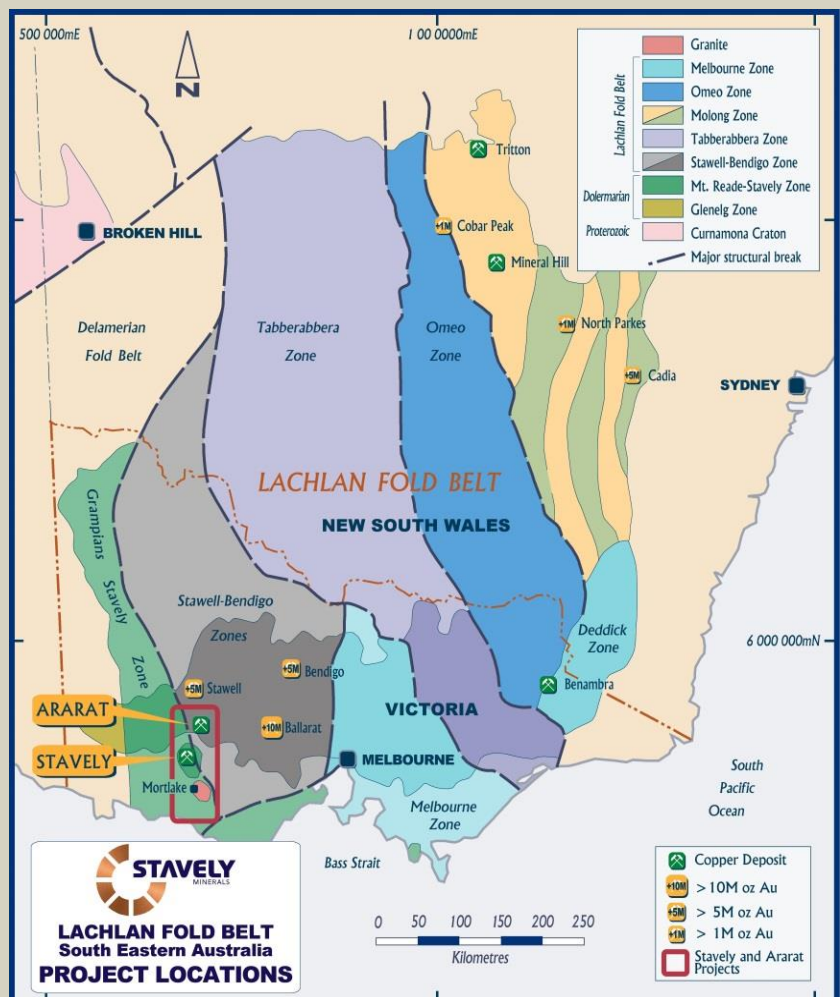


Figure 2. Geology of south-eastern Australia.

Table 1. The Mount Ararat Resource Estimate

Reporting Threshold	Classification	Domain	Tonnes: Cu Resource (KT)	Cu Grade (%)	Tonnes: Au,Ag,Zn Resource (KT)	Au Grade (ppm)	Ag Grade (ppm)	Zn Grade (%)
1.0% Cu	Indicated	Supergene	50	2.4				
		Fresh	200	2.2				
		Total	250	2.2				
	Inferred	Weathered	170	1.7	170	0.5	3.1	0.1
		Supergene	30	2.2	80	0.4	4.4	0.4
		Fresh	870	1.9	1070	0.5	6.2	0.4
Total		1070	1.9	1320	0.5	5.7	0.4	
Total 1% Cu		1320	2.0	1320	0.5	5.7	0.4	
2.0% Cu	Indicated	Supergene	30	2.9				
		Fresh	80	2.9				
		Total	110	2.9				
	Inferred	Weathered	30	2.9	30	1.3	7.9	0.2
		Supergene	20	3.0	50	0.3	4.2	0.4
		Fresh	230	3.0	310	0.6	7.7	0.6
Total		280	3.0	390	0.6	7.3	0.5	
Total 2% Cu		390	2.9	390	0.6	7.3	0.5	

Table shows rounded estimates. This rounding may cause apparent computational discrepancies. Significant figures do not imply precision. Nominal copper grade reporting cuts applied. Three material types reported as varied economic factors will be applicable to the deposit base on reported material types.

The 2015 Mt Ararat Copper Resource Estimate has been classified as Indicated and Inferred Resources under guidelines set out in the JORC Code (2012 Edition). The gold, silver and zinc estimates are classified as Inferred Resources. The 2015 Mineral Resources estimate reports, at a 1%Cu cut-off, an 11% increase in total tonnes (up from 1.19MT) at the same grades as the 2013 estimate.

#### (b) Stavely Project Mineral Resource

In the Stavely Project, at the Thursday's Gossan Prospect, a near surface secondary chalcocite enriched blanket with an estimated (using a 0.2% Cu grade lower cut-off) – **28Mt at 0.4% copper for 110kt of contained copper** (Table 2).

The Thursday Gossan Chalcocite Copper Inferred Resource Estimate, August 2015, remains unchanged from the Thursday Gossan Chalcocite Copper Inferred Resource Estimate, August 2013. There has been no additional data collected from the deposit and although economic circumstances affecting the mining industry have changed since 2013 the assumptions utilised in 2013 remain valid, if not for the current situation but for future situations.

Table 2. The Thursday Gossan Chalcocite Copper Inferred Resource Estimate (reviewed in 2015)

Thursday Gossan Chalcocite Copper August 2013 Inferred Resources (JORC 2012 Edition)					
Copper Mineralisation Subdivision		Lower Cu Tonnes (MT) Cut (%)		Copper Grade (%)	Contained Copper (KT)
Mineralisation greater than 10m thick	10 to 20m thick	0.20	8.5	0.3	28.1
		0.30	4.5	0.4	18.4
		0.50	0.5	0.7	3.4
	Greater than 20m thick	0.20	14.4	0.4	61.7
		0.30	9.7	0.5	49.7
		0.50	3.1	0.8	24.8
	Sub Total (greater than 10m thick)	0.20	22.9	0.4	89.8
		0.30	14.2	0.5	68.0
		0.50	3.7	0.8	28.2
Mineralisation less than 10m thick	0.20	5.1	0.3	17.1	
	0.30	2.5	0.4	10.6	
	0.50	0.2	0.9	2.1	
Total Mineralisation	0.20	28.1	0.4	106.9	
	0.30	16.7	0.5	78.6	
	0.50	3.9	0.8	30.3	

Table shows rounded estimates. This rounding may cause apparent computational discrepancies. Significant figures do not imply precision. Nominal copper grade reporting cuts applied. Three mineralised thicknesses reported as varied economic factors are likely to be applicable to each.

In accordance with the 2012 JORC Code, all criteria for sections 1, 2 and 3 of the JORC Code Table 1 and 2 are reported in Appendices 1 and 2.

### Ararat Project

The Mount Ararat copper deposit and the Carroll's prospect lie within a small portion of a much more extensive prospective exhalative horizon on the contact between the Carrolls Amphibolite and the Lexington Schist (Cayley and Taylor, 2001). The identification of multiple gossan horizons and historical copper workings in the field have led to the observation that rather than a single copper trend along the contact between the Carrolls Amphibolite and the Lexington Schist there is a 'VMS copper corridor' which may extend up to 1km in width. This corridor is interpreted to continue for approximately 15 kilometres within the Ararat Project tenements and presents regional reconnaissance exploration opportunities for Stavelly Minerals (Figure 3).

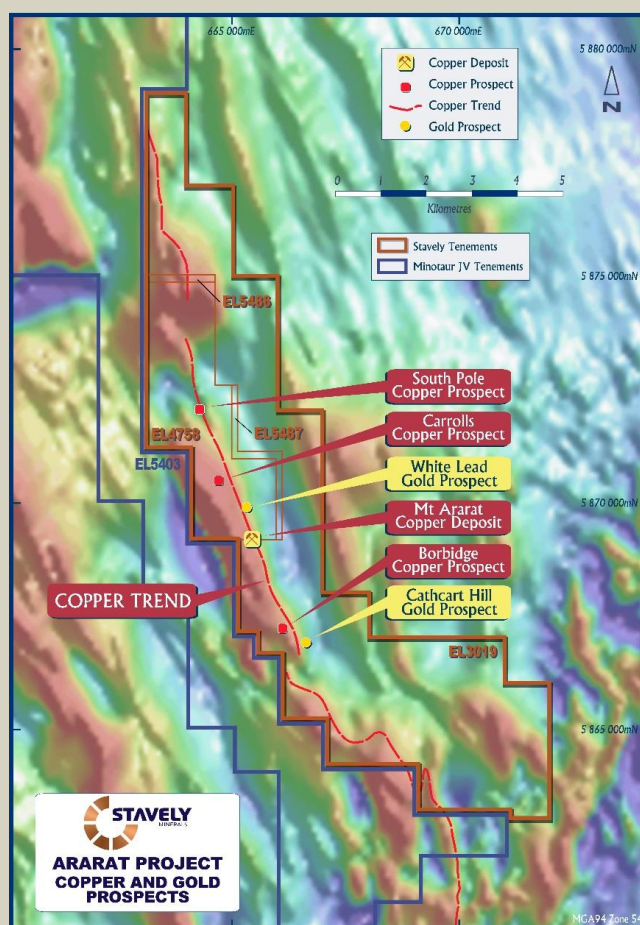


Figure 3. Ararat Project – Copper and Gold Prospects.



Two 'Stawell-style' gold prospects – Cathcart Hill and White Lead, have been identified in the Ararat Project. These gold prospects are located in the Cathcart Goldfield, which had very significant alluvial and 'deep lead' gold production in the 1850's and 1860's. The Cathcart area yielded a substantial proportion of the gold produced from the greater Ararat Goldfield, which had an estimated production in excess of 20 tonnes of gold (~640,000oz) but, significantly, was not associated with any known hard-rock source.

The host lithologies to the Stawell Gold Mine are analogous to the lithologies in the Ararat Project. The Stawell Goldfield has produced over 6 million ounces of historic and modern gold production.

#### i. Mt Ararat VMS Deposit

The Besshi-style VMS copper-gold-zinc-silver mineralisation has been identified over a 350 metre strike extent (open at depth) at Mount Ararat. In 2014, 7 RC holes were drilled into the northern extensions of the known copper-gold-zinc mineralisation at the Mount Ararat VMS to test for mineralised extensions as indicated by ground EM conductors (Figure 4).

All the holes intercepted significant copper - gold - zinc - silver mineralisation including (Figure 5):

- 5m at 2.10% copper, 0.56 g/t gold, 0.48% zinc and 9 g/t silver, including
  - 2m at 3.37% copper, 0.73 g/t gold, 0.47% zinc and 14 g/t silver
- 3m at 2.64% copper, 0.17 g/t gold, 0.31% zinc and 3 g/t silver

- 1m at 5.89% copper, 0.55 g/t gold, 2.31% zinc and 17 g/t silver<sup>1</sup>

In 2015 two diamond holes drilled to test the White Lead Gold mineralisation passed through the Mt Ararat VMS deposit and returned (Figure 7):

- 2m at 4.25% copper and 1.15% zinc from 62m depth, including
  - 1m at 5.91% copper and

1.3% zinc; and

- 3m at 1.77% copper and 0.59% zinc from 74m depth, including
  - 1m at 4.45% copper and 0.66% zinc

The grades returned from the RC and diamond drilling are consistent with those of the known VMS and provide further encouragement as to the prospectivity of the Ararat Project to host significant VMS mineralisation.

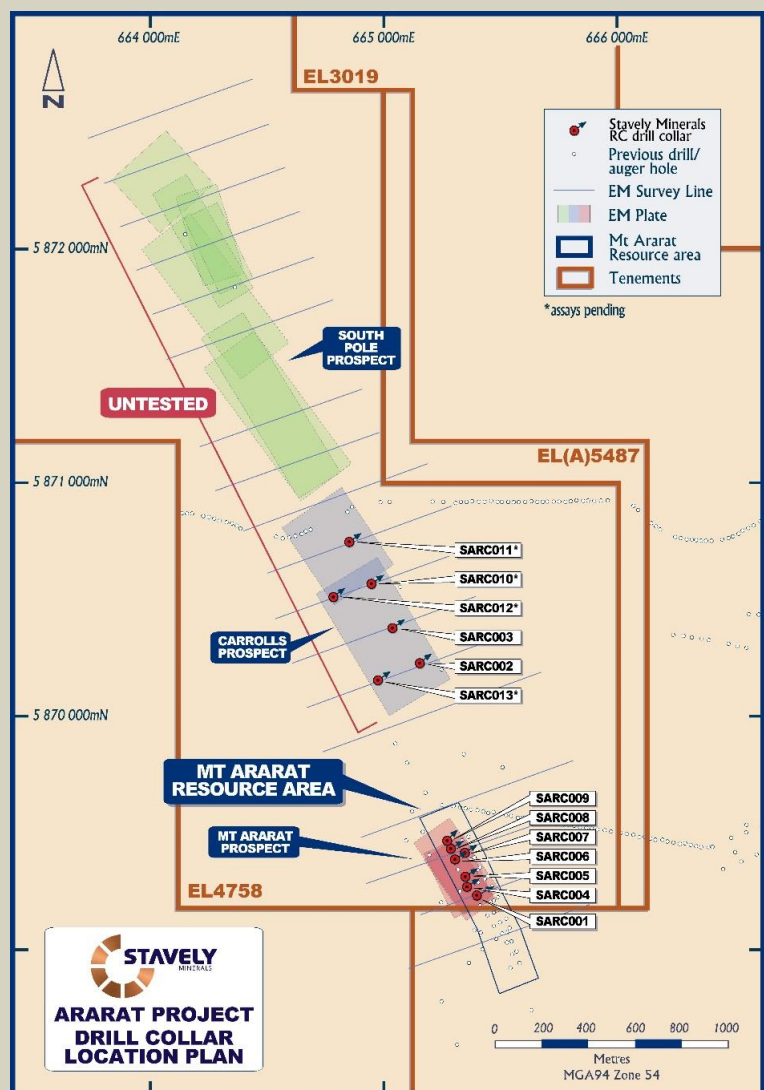


Figure 4. Ararat Project - Mt Ararat Copper Deposit and Carroll's Prospect Drill Hole Location Plan.

<sup>1</sup> \* True widths are approximately 90-95% of reported drill widths

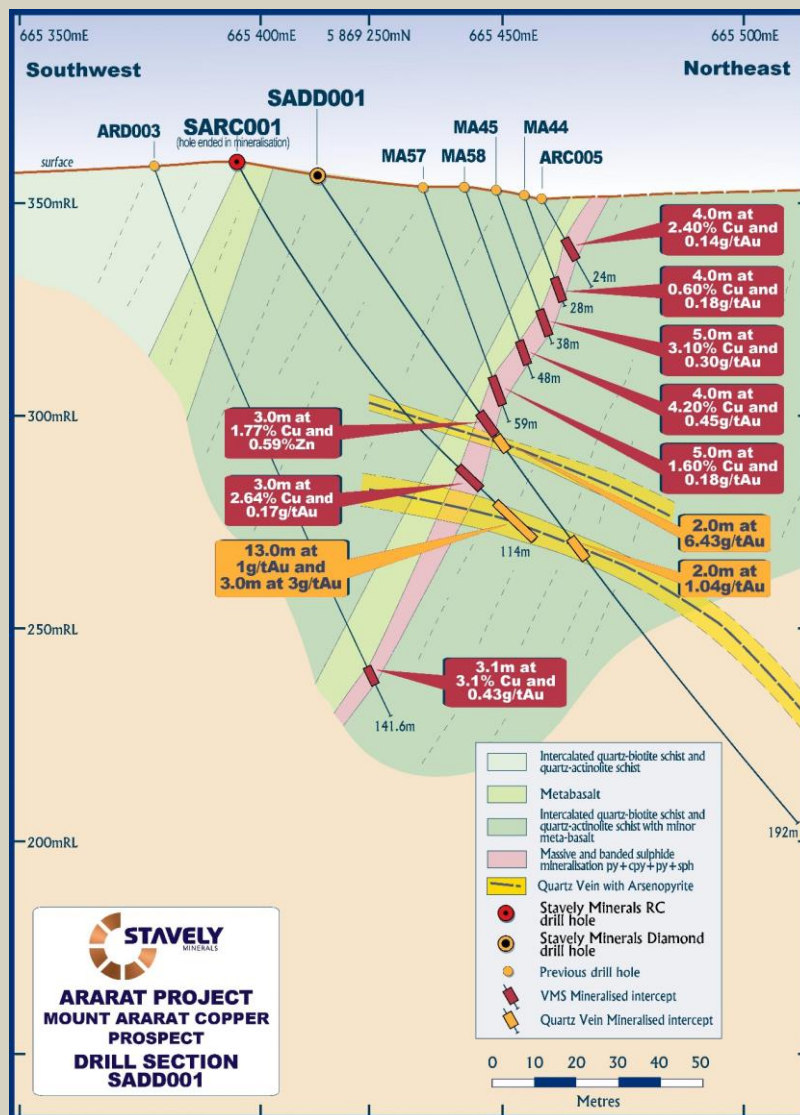


Figure 5. Ararat Project - Mount Ararat Copper Prospect Drill Section SADD001.

## ii. Carroll's Base Metal Prospect

At the Carroll's Base Metal prospect, 6 RC drill holes and two diamond tails were completed to test an EM conductor. RC holes drilled to 200m depth and the diamond tails which extended to in excess of 400m depth have intercepted the top edge of a large ground EM conductor extending to 800m depth (Figure 4).

Significantly, visual observations and limited assay results indicate that the top of the conductor plates corresponds with copper-gold - zinc - silver anomalism,

magnetite and manganese enrichment. This is consistent with a VMS exhalative horizon and proves that the EM conductor is not associated with graphitic schists as was supposed by previous explorers.

Geochemical soil and rock-chip sampling, targeting copper mineralisation where gossanous float was observed in the field, to the west of the RC drilling has identified a coincident zinc, copper and chromium, with slightly offset lead soil anomaly at the Carroll's Base Metal prospect (Figure 6).

The anomaly extends over a strike length of 1.5km, is up to 500m wide and remains open to the north and south. Rock-chip sampling of sub-cropping mineralisation has returned very strong assay results including:

- 10.8% copper, 0.41% zinc and 1.54 g/t gold

Rock-chip sampling of copper mineralised float returned extremely high assay results including:

- 24.0% copper, 1.1% zinc and 0.52 g/t gold

The soil results demonstrate an 'order of magnitude' spatially larger zinc-copper anomaly than at the existing Mt Ararat copper-gold-zinc deposit. Notwithstanding the exceptional rock-chip copper grades, the soil samples at the Carroll's Base Metal prospect would appear to be more zinc-rich.

## iii. White Lead Gold Prospect

Geochemical soil sampling was conducted at the White Lead Gold prospect to identify extensions to the 'Stawell-style' gold mineralisation intercepted at the Mt Ararat Copper-Gold VMS deposit. A gold zone averaging 12m at 0.97 g/t gold to end of hole, within a broader 13m interval, including a significantly higher grade zone of 3m at 3.04 g/t gold, was intercepted in the footwall to the copper mineralisation.

Coincident arsenic, chromium, lead and copper soil sample anomalies extend over 1.2km in strike, and remains open to the north and south (Figure 7). The surficial geochemical signature is very similar to that described at the Stawell Gold Deposit. Rock-chip sampling of surficial float has returned gold anomalous results of up to 5.57 g/t gold.



There are numerous shallow historic gold workings commencing along the White Lead gold trend and progressing downhill from there into palaeo-alluvial gravels. The White Lead area is part of the Cathcart Goldfield, where alluvial gold was first discovered at Pinky Point in 1854 and at White Lead in 1855.

Three diamond holes were drilled for a total of 603.5m targeting the structures controlling hard-rock mineralisation at the White Lead Gold prospect (Figure 7). The drilling returned significant gold assay results including (Figure 5):

- 2 metres at 6.43 g/t gold from 76 metres including
  - 1 metre at 11.3 g/t gold, and
- 2 metres at 1.04 g/t gold from 122 metres

While these intercepts are narrow, the high grade gold is very encouraging, in particular because the host units are not considered particularly favourable for well-developed gold mineralisation.

The understanding of the structural controls on mineralisation in this area is important to allow targeting of zones of greater width and higher grades where these structures are predicted to traverse more favourable host rocks in the sequence.

#### iv. Cathcart Hill Gold Prospect

At the Cathcart Hill Gold prospect geochemical soil sampling has identified a coincident arsenic and chromium soil anomaly that extends over 800 metres in strike and remains open to the north and south (Figure 8).

The area was selected for systematic soil sampling because a number of very shallow air-core drill holes drilled in 1996 returned strong arsenic anomalism to 0.27% arsenic but without coincident gold anomalism. On review, it was

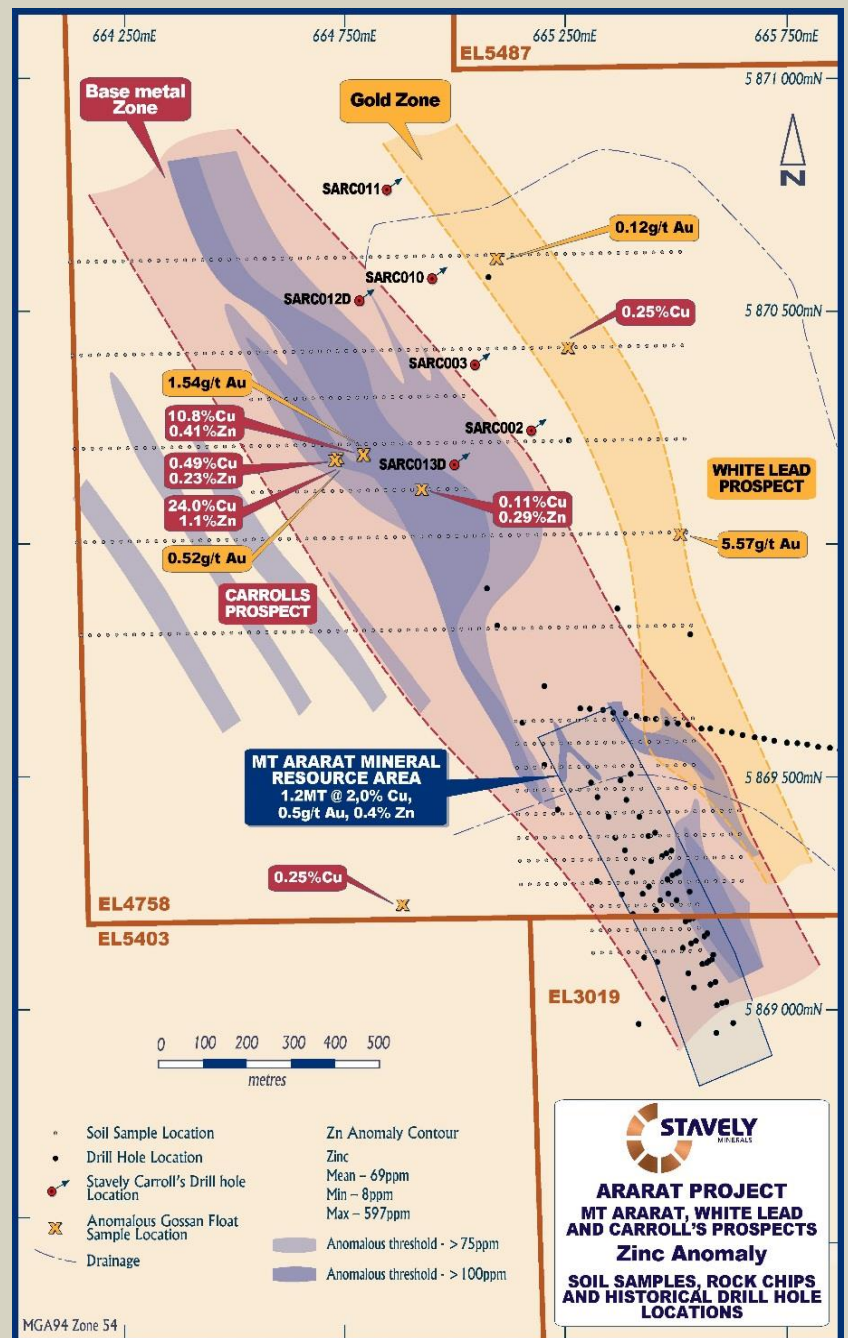


Figure 6. Ararat Project – Mt Ararat, White Lead and Carroll's Prospect Zinc Anomaly.

concluded that the air-core arsenic anomaly was the result of weathering of nearby gold-sulphide mineralisation and subsequent lateral dispersion in the weathering profile. As arsenic is more soluble and mobile in this environment than is gold, the arsenic anomaly could be expected to travel much further and provide

spatially much larger anomaly than gold would.

An inclined diamond drill hole drilled in 1977 located some 200m to the northwest of the main soil sample arsenic anomaly had returned 2m at 5.0 g/t gold from 43m drill depth and is logged as a bedrock intercept.



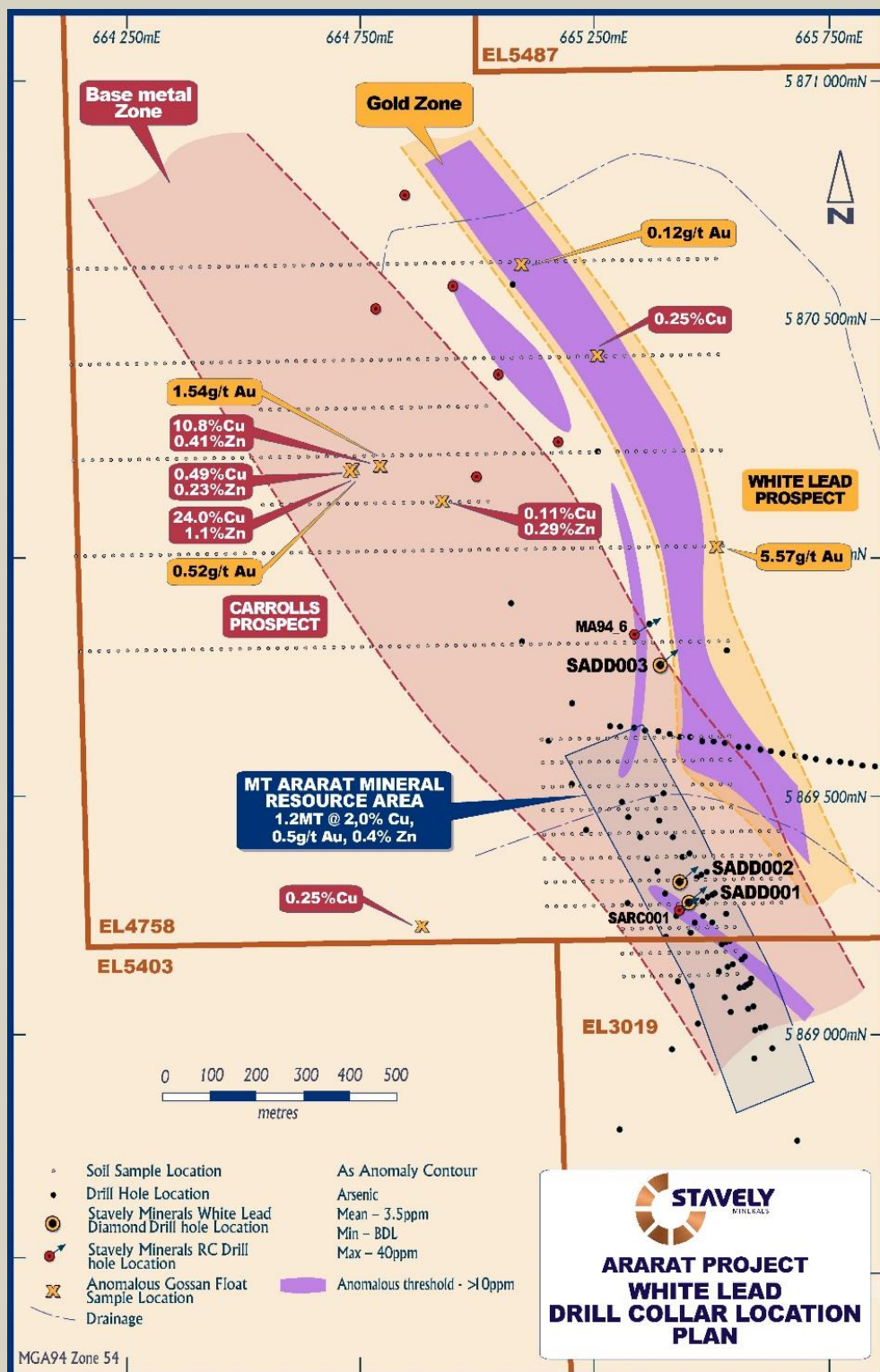
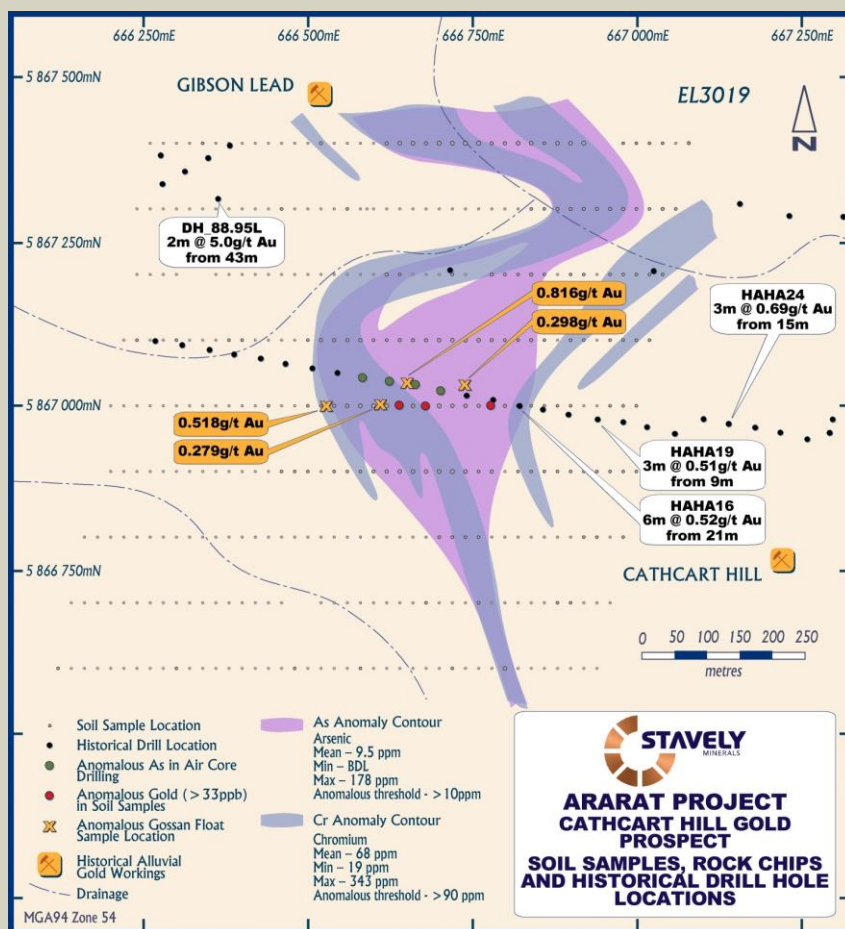


Figure 7. Ararat Project – White Lead Arsenic Anomaly and Drill Collar Location Plan.



**Figure 8. Ararat Project – Cathcart Hill Gold Prospect Arsenic and Chromium Anomalies.**

#### v. Langi Logan Gold Prospect

During the year, one diamond drill hole was drilled to 350m depth at Langi Logan, targeting the western margin of the basalt dome and looking for 'Stawell-style' mineralisation associated with arsenopyrite. An IP survey was conducted to confirm the position of the targeted faulted sediment/basalt contact. The results of the IP survey together with gravity/magnetic inversions were used to plan the location of the diamond drill hole. Drilling confirmed the presence of the favourable host lithology – sulphidic sediments proximal to the contact with the Langi Logan basalt dome but failed to intercept significant gold mineralisation.

#### Stavely Project

The Stavely Project is considered to present significant opportunities for discovery of porphyry copper-gold and VMS base-metals +/- gold deposits.

The Company's exploration rationale at the Stavely Project is that previous explorers did not drill deep enough to test copper-gold mineralisation associated with a porphyry intrusion at depth. In 2014, five deep diamond drill holes were completed to provide geological vectors towards the targeted quartz-sulphide stockwork veining on the margins and apex of the porphyry intrusions at the Thursday's Gossan and Junction prospects.

#### i. Thursday's Gossan Porphyry Prospect

Three diamond drill holes were completed for a total of 1,697m at Thursday's Gossan (Figure 9).

Intersections of broad intervals of low-grade copper mineralisation consistent with geological observations from the well-developed phyllic alteration included:

- 196m at 0.13% copper from 322m down-hole in SMD003,
- 82.3m at 0.12% copper from 440m down-hole to end-of-hole in SMD001,
- 69m at 0.15% copper from 466m down-hole in SMD004,
- 52m at 0.23% copper from 39m down-hole in SMD004,
- 45.9m at 0.19% copper from 35.2m down-hole in SMD001.

Higher grade intervals associated with quartz-pyrite-bornite-chalcocopyrite sulphidic 'D' veins included:

- 5.9m at 0.78% copper and 16 g/t silver from 71m down-hole in SMD003.

In all three drill holes, a shallow dipping fault has been recognised which marks a sharp transition from well-developed phyllic alteration to more distal propylitic alteration below the fault. 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 targeted potassic core of the porphyry system (Figure 10).

Multi-disciplinary analysis of drill core from the deep diamond holes completed by Stavely Minerals in 2014 indicates that below the low-angle structural zone the character of the hydrothermal alteration demonstrated a marked change to a more distal position.



This marked change across the structural zone is supported by the short wavelength near infra-red (SWNIR) wavelength absorption features of white micas displaying an abrupt transition from short wavelengths to longer wavelengths across the structure, particularly in drill hole SMD003.

This abrupt transition is interpreted to reflect a proximal magmatic signature above the structural zone to a distal signature below the zone in SMD003.

In contrast, the white mica SWNIR absorption features below the structural zone indicate increasing proximity to a magmatic source to the north. These data support the structural movement interpretation.

In addition, sulphur isotope determinations taken from Stavely Minerals' and previous explorers' diamond drill core broadly support this interpretation of increasing proximity to a porphyry magmatic source.

Above the low-angle fault structure, the sulphur isotope indications were of increasing proximity to the porphyry source to the south; whereas below the structure, the indications from the sulphur isotopes are that the porphyry source has been transposed from south to north.

The sulphur isotope values observed at Thursday's Gossan are consistent with those observed at the Goonumbla (North Parkes) and Cadia Valley porphyry copper-gold systems in central New South Wales and also porphyry copper-gold deposits in British Columbia such as Mt Polley, Red Chris and Afton.

All of these deposits are considered to be alkalic copper-gold porphyry systems which, while typically smaller spatially than calc-alkalic porphyries, are

attractive exploration targets because they characteristically have higher grades, especially for gold.

Structural logging and interpretation has confirmed the low-angle structural offset interpretation and has identified kinematic indicators of a strike-slip movement of the block below the structural zone being offset to the north.

Collectively, the three independent disciplines of kinematic indicators, white mica SWNIR absorption features and sulphur isotope data are in broad agreement that the lower block below the structure has been transposed to the north (Figure 11). Geophysical induced polarisation (IP) survey coverage was extended to the north and east to identify potential zones of disseminated sulphide mineralisation below the structural zone in those areas. New chargeability anomalies have been identified by these surveys and,

with minor additional geophysical work to refine targets, will need to be drill tested.

## ii. Junction Porphyry Prospect

Two deep diamond drill holes were drilled for a total of 1,227m at the Junction prospect to test a magnetic high and coincident copper soil/auger geochemical anomaly (Figure 9). Hole SMD002 returned the first instance of gold being associated with copper mineralisation with an attractive intercept of:

- 5m at 1.38% copper, 0.25 g/t gold and 11.8 g/t silver from 332m down-hole.

Given that this interval is in disseminated to patchy pyrite - chalcopyrite - magnetite mineralisation associated with potassic biotite and potassium feldspar alteration and not a 'D' vein, it is encouraging as an example of the attractive tenor of the copper-gold-silver grade the Junction system is capable of in the

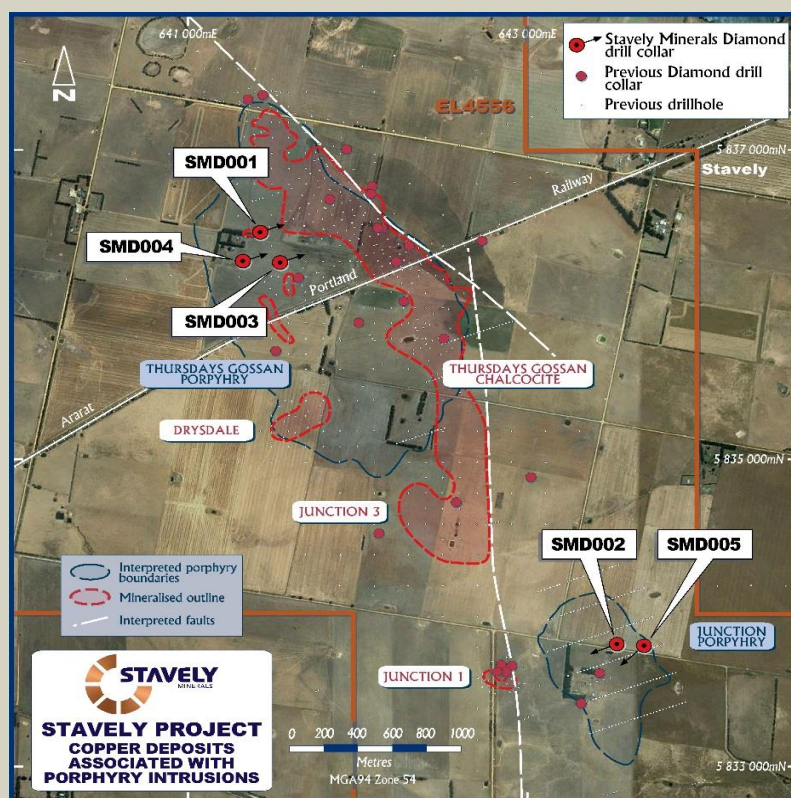


Figure 9. Stavely Project – Thursday's Gossan and Junction Porphyry Targets Drill Hole Location Plan.

potassic altered zone. Broad intervals of low-grade copper mineralisation from SMD002 included:

- 62.0m at 0.17% copper from 35.2m down-hole,
- 15m at 0.10% copper from 89m down-hole, and
- 44.8m at 0.15% copper from 193.2m down-hole.

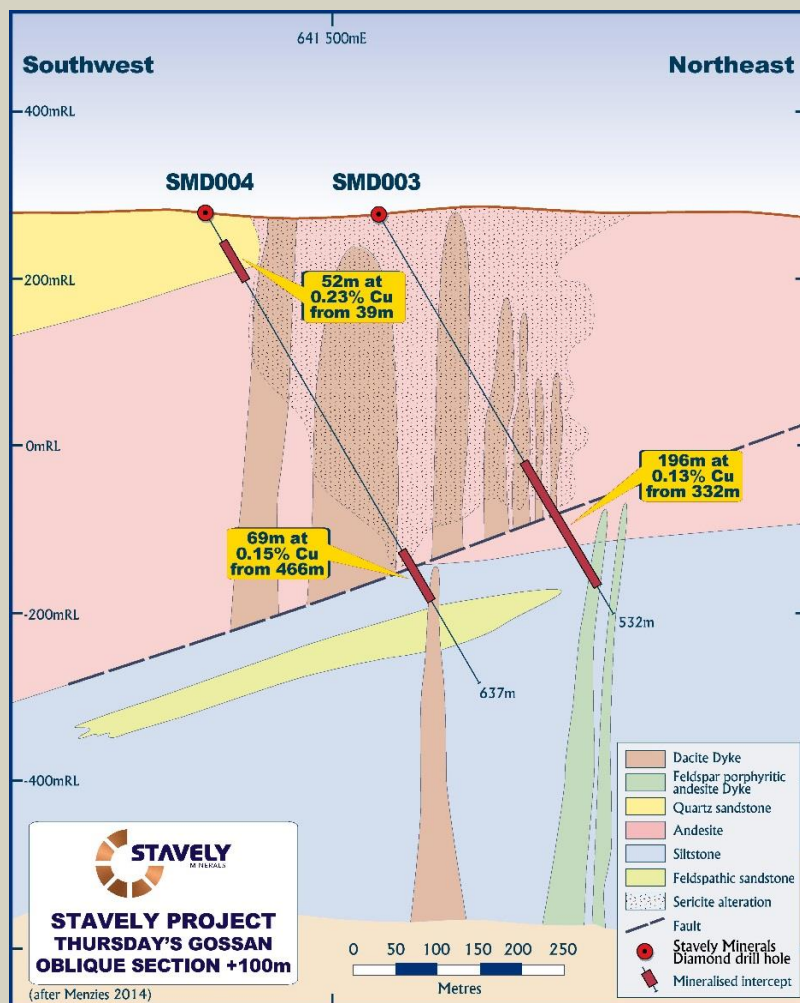


Figure 10. Stavelly Project – Thursday's Gossan Oblique Section for SMD003 and SMD004.

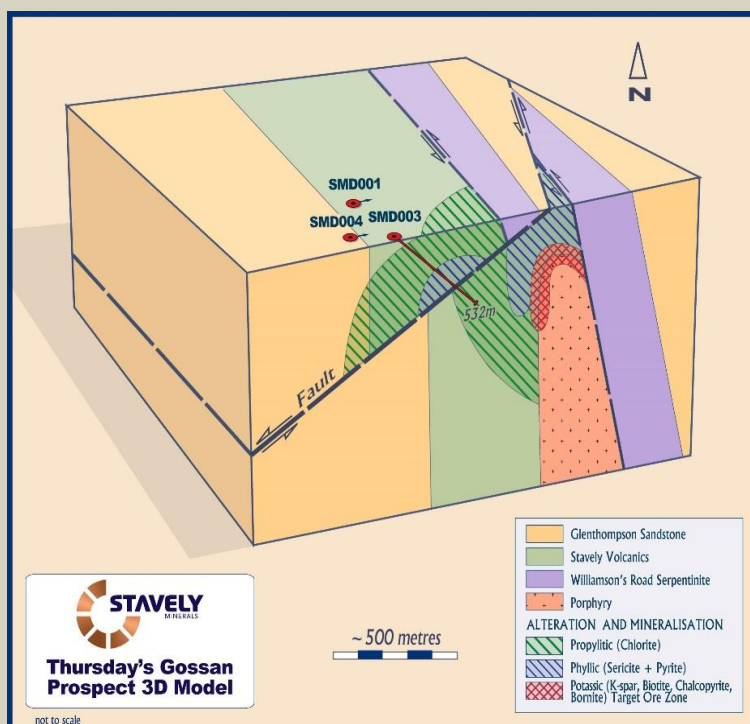


Figure 11. Stavelly Project – Thursday's Gossan Prospect 3D Model.

### JORC Compliance Statement

*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 and Thursday's Gossan chalcocite copper deposit, the information is extracted from the report entitled "Mount Ararat 2015 Resource Estimate Report" dated 24 August 2015 and "Appendix 1, Reporting of Thursday Gossan Chalcocite Copper Resource against criteria in Table 1 JORC Code 2012" authored by Mr Duncan Hackman of Hackman and Associates Pty Ltd. Mr Hackman is a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 (The JORC Code, 2012 Edition). Mr Hackman 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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## Appendix 1: Mt Ararat Mineral Resource Estimate

Summary:

The Mount Ararat August 2015 Inferred Resource Estimate is an inverse distance squared Cu, Au, Ag and Zn estimate of the planar, steeply dipping VMS style mineralisation of the deposit and is tabulated below. The estimate was undertaken, classified and reported according to the guidelines set out in The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition).

### The Mount Ararat Resource Estimate:

Reporting Threshold	Classification	Domain	Tonnes: Cu Resource (KT)	Cu Grade (%)	Tonnes: Au, Ag, Zn Resource (KT)	Au Grade (ppm)	Ag Grade (ppm)	Zn Grade (%)
1.0% Cu	Indicated	Supergene	50	2.4				
		Fresh	200	2.2				
		<b>Total</b>	<b>250</b>	<b>2.2</b>				
	Inferred	Weathered	170	1.7	170	0.5	3.1	0.1
		Supergene	30	2.2	80	0.4	4.4	0.4
		Fresh	870	1.9	1070	0.5	6.2	0.4
		<b>Total</b>	<b>1070</b>	<b>1.9</b>	<b>1320</b>	<b>0.5</b>	<b>5.7</b>	<b>0.4</b>
	<b>Total 1% Cu</b>		<b>1320</b>	<b>2.0</b>	<b>1320</b>	<b>0.5</b>	<b>5.7</b>	<b>0.4</b>
2.0% Cu	Indicated	Supergene	30	2.9				
		Fresh	80	2.9				
		<b>Total</b>	<b>110</b>	<b>2.9</b>				
	Inferred	Weathered	30	2.9	30	1.3	7.9	0.2
		Supergene	20	3.0	50	0.3	4.2	0.4
		Fresh	230	3.0	310	0.6	7.7	0.6
		<b>Total</b>	<b>280</b>	<b>3.0</b>	<b>390</b>	<b>0.6</b>	<b>7.3</b>	<b>0.5</b>
	<b>Total 2% Cu</b>		<b>390</b>	<b>2.9</b>	<b>390</b>	<b>0.6</b>	<b>7.3</b>	<b>0.5</b>

Table shows rounded estimates. This rounding may cause apparent computational discrepancies. Significant figures do not imply precision. Nominal copper grade reporting cuts applied. Three material types reported as varied economic factors will be applicable to the deposit base on reported material types.

The estimate:

- Is based on recent 2014-15 Stavely Minerals drilling and historic drilling data which is of unknown reliability and quality that tests a discrete steeply dipping body of base metal mineralisation.
- Extends for a strike length of 830m (towards 335deg), vertically for 350m and ranges mostly between 1m and 3m thick (total massive + sub-massive + stringer mineralisation). The mineralisation is modelled between 4m and 14m thick in the upper 50m (this may be real, due to supergene actions or introduced due to the suspected wet/difficult RC drilling conditions).
- Is underpinned by 309 Cu assays from 64 holes (271 nominal 1m composites). High grade restrictions are applied to the Cu, Au, Ag and Zn grade interpolations (55m radius of influence). A tonnage factor of 3.17g/cc was applied to all mineralised blocks.
- Reconciles well both statistically and spatially with the source assay data.
- Was undertaken by Duncan Hackman who is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 (The JORC Code, 2012 Edition).



JORC 2012 Table 1, Sections 1, 2 and 3 criteria.

**Section 1: Sampling Techniques and Data**

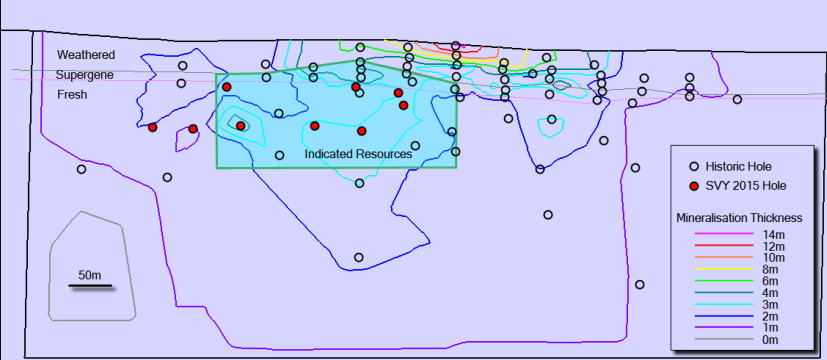
Criteria	Explanation																																																							
Sampling techniques	Resource estimate underpinned by diamond drilling (DD) and reverse circulation drilling (RC) drilling samples.																																																							
Drilling techniques	<div><div><div>Drilling details for the Mount Ararat resource drillhole dataset</div><table><thead><tr><th rowspan="2">Company</th><th rowspan="2">Hole_Type</th><th colspan="2">Holes within Mt Ararat Prospect Area</th><th colspan="2">Holes intercepting Mt Ararat Mineralisation</th></tr><tr><th>Count</th><th>Average Total Depth (m)</th><th>Count</th><th>Average Total Depth (m)</th></tr></thead><tbody><tr><td>Pennzoil</td><td>DD</td><td>19</td><td>221</td><td>11</td><td>211</td></tr><tr><td rowspan="2">Centaur</td><td>DD</td><td>21</td><td>96</td><td>14</td><td>48</td></tr><tr><td>RC</td><td>22</td><td>47</td><td>20</td><td>48</td></tr><tr><td rowspan="2">Beaconsfield</td><td>DD</td><td>4</td><td>121</td><td>4</td><td>121</td></tr><tr><td>RC</td><td>6</td><td>27</td><td>6</td><td>27</td></tr><tr><td rowspan="2">SVY</td><td>DD</td><td>3</td><td>201</td><td>2</td><td>195</td></tr><tr><td>RC</td><td>7</td><td>122</td><td>7</td><td>122</td></tr><tr><td colspan="2">Total</td><td>82</td><td>114</td><td>64</td><td>91</td></tr></tbody></table></div><div></div></div>	Company	Hole_Type	Holes within Mt Ararat Prospect Area		Holes intercepting Mt Ararat Mineralisation		Count	Average Total Depth (m)	Count	Average Total Depth (m)	Pennzoil	DD	19	221	11	211	Centaur	DD	21	96	14	48	RC	22	47	20	48	Beaconsfield	DD	4	121	4	121	RC	6	27	6	27	SVY	DD	3	201	2	195	RC	7	122	7	122	Total		82	114	64	91
Company	Hole_Type			Holes within Mt Ararat Prospect Area		Holes intercepting Mt Ararat Mineralisation																																																		
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SVY	DD	3	201	2	195																																																			
	RC	7	122	7	122																																																			
Total		82	114	64	91																																																			
Drill sample recovery	<div><div>No detailed information or data:</div><div>Historic reports state that diamond holes had relatively low core recoveries, and RC drilling encountered water in the weathered and oxidized mineralized zone. Limited data indicates that samples from this material will be significantly compromised by drilling and sampling conditions encountered.</div></div>																																																							
Logging	<div><div>lithological drill logs generated by workers but not utilised in generating resource estimate.</div></div>																																																							
Sub-sampling techniques and sample preparation	<div><div>Pennzoil: Half-core samples were taken from core showing visible mineralisation.</div><div>Centaur Mining:<div><div>MA24 to MA38: Half-core samples were taken from core showing visible mineralisation. Sample reduction process unknown.</div><div>MA39A to MA58: 130mm RC chips from drilling configuration utilising back-end cross-over sub to return sample. Sample collection by splitting (details unknown) and sample reduction process unknown.</div><div>M94_1 to M94_4: Half-core samples were taken from core showing visible mineralisation. Sample reduction process unknown.</div></div></div><div>Beaconsfield Gold:<div><div>ARD001 to ARD004: diamond drilling – sampling method and reduction unknown.</div><div>ARC001 to ARC006: 84mm RC chips. Sample collected by passing through 3 tiered riffle splitter. Sample reduction process unknown.</div></div></div><div>Stavely Minerals:<div><div>SADD001 to SADD003: diamond drilling – ½ HQ core sampled by core saw. Crush-split and pulverise to 85% passing -75micon</div><div>SARC00[1,2,4 - 9]: RC drilling – cone splitter. Crush-split and pulverise to 85% passing -75micon</div></div></div></div>																																																							
Quality of assay data and laboratory tests	<div><div>Pennzoil: A base metal suite was assayed via AAS (<i>digestion not specified</i>) and Au was assayed via fire assay.</div><div>Centaur Mining:<div><div>MA24 to MA38: A base metal suite was assayed via AAS (<i>digestion</i></div></div></div></div>																																																							

Criteria	Explanation
	<ul style="list-style-type: none"> <li><i>not specified</i>) and Au was assayed via fire assay.</li> <li>MA39A to MA58: A base metal suite was assayed via AAS (<i>digestion not specified</i>) and Au was assayed via fire assay.</li> <li>M94_1 to M94_4: A base metal suite was assayed 4 acid digest with AAS finish and Au was assayed via fire assay.</li> <li>Beaconsfield Gold: <ul style="list-style-type: none"> <li>ARD001 to ARD004: Assay Lab – Onsite Lab Services. Cu initially by method B101 - AR digest ICP finish. If higher than 5000ppm then A101 - Ore grade digest (<i>details unknown</i>) with AA finish. Au by PE01S - 25g Fire Assay.</li> <li>ARC001 to ARC006: Assay Lab – Onsite Lab Services. Cu initially by method B101 - AR digest ICP finish. If higher than 5000ppm then A101 - Ore grade digest (<i>details unknown</i>) with AA finish. Au by PE01S - 25g Fire Assay.</li> </ul> </li> <li>No quality control samples submitted with any historic routine samples</li> <li>Stavely Minerals: <ul style="list-style-type: none"> <li>SADD00[1 – 3], SARC00[1,2,4 - 9]: Australian Laboratory Services, Orange. Cu, Ag and Zn by four acid digest (including HF), ICP-AES determination (ALS code ME-ICP61). Samples &gt;1% Cu re-assayed by ore grade four acid digest, ICP-AES determination (ALS code ME-OG62). Au by 30g fire assay, AAS determination (ALS codes Au-AA23 and Au-AA25). Client and Laboratory QC data inserted with routine samples and establish acceptable reliability of assays.</li> </ul> </li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>No available data available for analysis</li> </ul>
Location of data	<p>Historic drillholes originally located according to two local grids (details unknown). Collar coordinates were converted to GDA94 zone 54S (MGA94 54S) by historic workers. Conversion details are unknown. Stavely Minerals holes located in MGA94 54S. The estimate is undertaken using the supplied MGA94 54S grid references.</p> <p>GPS checking of 2 Pennzoil, 3 Centaur Mining and 4 Beaconsfield Gold hole collar locations show holes located with acceptable accuracy for reporting of Inferred and Indicated Resources.</p>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Within the central 500m of mineralisation (strike length): <ul style="list-style-type: none"> <li>Oxide mineralisation – drill tested on 50m centred section lines</li> <li>Fresh Indicated Resources –tested at nominal 50m centres.</li> </ul> </li> <li>Other areas and mineralisation extent tested by 8 holes</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Holes drilled at 9degrees (Azimuth) to planar mineralisation.</li> <li>Holes angled mostly between 50 and 70 degrees easterly. Mineralised plane dips westerly ~60degrees</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>No available data to assess security</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>GPS checking of 9 hole collar locations</li> <li>Basic checking of data integrity</li> </ul>

## Section 2: Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Mineralisation straddles boundary between exploration licences EL4758 (expired 28/01/2014) and EL3019 (expired 21/12/2014) and is within Retention Licence application RL2020. SVY's tenure over the area covered by expired licences EL4758 and EL3019 remains current pending the grant of the retention licence.</li> <li>Tenements currently held by Stavely Minerals Limited</li> </ul>

Criteria	Explanation																																																																																																												
	<ul style="list-style-type: none"><li>Stavely Minerals have informed HA that the licences are in good standing.</li></ul>																																																																																																												
Exploration done by other parties	<ul style="list-style-type: none"><li>Pennzoil: 12 holes drilled into mineralisation.</li><li>Centaur Mining: 38 holes drilled into mineralisation.</li><li>Beaconsfield Gold: 10 holes drilled into mineralisation</li><li>Stavely Minerals: 9 holes drilled into mineralisation</li></ul>																																																																																																												
Geology	<ul style="list-style-type: none"><li>Steeply westerly dipping, single planar massive sulphide horizon (historically described as VMS)</li></ul>																																																																																																												
Drill hole Information	<ul style="list-style-type: none"><li>82 holes drilled in the prospect area, 64 holes intercepted mineralisation, 5 holes define the strike extent of mineralisation.</li><li>Collar locations verified as acceptable through field checking of 9 holes</li><li>Downhole surveys for describing hole trace and sample locations available for 32 holes:</li></ul>																																																																																																												
	<table><tr><th>HoleID</th><th>Number of DH Surveys</th><th>TDepth Hole</th><th>HoleID</th><th>Number of DH Surveys</th><th>TDepth Hole</th><th>HoleID</th><th>Number of DH Surveys</th><th>TDepth Hole</th></tr><tr><td>ARD001</td><td>3</td><td>111</td><td>PENZ003</td><td>1</td><td>152</td><td>SADD001</td><td>7</td><td>192.9</td></tr><tr><td>ARD002</td><td>6</td><td>114</td><td>PENZ006</td><td>1</td><td>152</td><td>SADD002</td><td>6</td><td>197.8</td></tr><tr><td>ARD003</td><td>5</td><td>142</td><td>PENZ007</td><td>1</td><td>115</td><td>SADD003</td><td>8</td><td>212.8</td></tr><tr><td>ARD004</td><td>5</td><td>118</td><td>PENZ009</td><td>1</td><td>219</td><td>SARC001</td><td>12</td><td>114.0</td></tr><tr><td>M94_1</td><td>4</td><td>221</td><td>PENZ010</td><td>1</td><td>252</td><td>SARC004</td><td>16</td><td>153.0</td></tr><tr><td>M94_2</td><td>4</td><td>198</td><td>PENZ011</td><td>1</td><td>381</td><td>SARC005</td><td>15</td><td>135.0</td></tr><tr><td>M94_3</td><td>3</td><td>192</td><td>PENZ019</td><td>6</td><td>381</td><td>SARC006</td><td>13</td><td>123.0</td></tr><tr><td>M94_4</td><td>4</td><td>204</td><td>PENZ021</td><td>3</td><td>364</td><td>SARC007</td><td>9</td><td>80.0</td></tr><tr><td>M94_5</td><td>6</td><td>249</td><td>PENZ023</td><td>4</td><td>329</td><td>SARC008</td><td>14</td><td>129.0</td></tr><tr><td>M94_6</td><td>4</td><td>214</td><td>SP01</td><td>1</td><td>110</td><td>SARC009</td><td>12</td><td>123.0</td></tr><tr><td>PENZ001</td><td>1</td><td>133</td><td>SP02</td><td>1</td><td>111</td><td></td><td></td><td></td></tr></table>	HoleID	Number of DH Surveys	TDepth Hole	HoleID	Number of DH Surveys	TDepth Hole	HoleID	Number of DH Surveys	TDepth Hole	ARD001	3	111	PENZ003	1	152	SADD001	7	192.9	ARD002	6	114	PENZ006	1	152	SADD002	6	197.8	ARD003	5	142	PENZ007	1	115	SADD003	8	212.8	ARD004	5	118	PENZ009	1	219	SARC001	12	114.0	M94_1	4	221	PENZ010	1	252	SARC004	16	153.0	M94_2	4	198	PENZ011	1	381	SARC005	15	135.0	M94_3	3	192	PENZ019	6	381	SARC006	13	123.0	M94_4	4	204	PENZ021	3	364	SARC007	9	80.0	M94_5	6	249	PENZ023	4	329	SARC008	14	129.0	M94_6	4	214	SP01	1	110	SARC009	12	123.0	PENZ001	1	133	SP02	1	111			
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	PENZ001	1	133	SP02	1	111																																																																																																							
	<ul style="list-style-type: none"><li>Assaying of those samples logged with visible sulphide mineralisation</li><li>Lithology logs available for all holes</li><li>Oxidation state available for 34 Centaur Mining holes.</li><li>Summary moisture data available for 18 Centaur Mining RC holes.</li><li>39 SG measurements taken from 4 Beaconsfield Gold holes ARD[001-004]</li></ul>																																																																																																												
Data aggregation methods	<ul style="list-style-type: none"><li>Assay sample intervals:</li></ul> <table><tr><th rowspan="2">Era</th><th rowspan="2">Drill Type</th><th colspan="8">Count of Sample Lengths</th></tr><tr><th>0.0m to 0.5m</th><th>0.5m to 1m</th><th>1.0m to 1.5m</th><th>1.5m to 2.0m</th><th>2.0m to 2.5m</th><th>2.5m to 3.0m</th><th>3.0m to 3.5m</th><th>Total</th></tr><tr><td rowspan="4">pre-2015</td><td>AC</td><td></td><td>55</td><td></td><td></td><td></td><td></td><td></td><td>55</td></tr><tr><td>DD</td><td>43</td><td>48</td><td>11</td><td>6</td><td>1</td><td>1</td><td></td><td>110</td></tr><tr><td>RC</td><td></td><td>105</td><td></td><td></td><td></td><td></td><td></td><td>105</td></tr><tr><td>UNKN</td><td>65</td><td>176</td><td>4</td><td>1</td><td></td><td></td><td>1</td><td>247</td></tr><tr><td rowspan="2">2015</td><td>DD</td><td></td><td>143</td><td></td><td></td><td></td><td></td><td></td><td>143</td></tr><tr><td>RC</td><td></td><td>342</td><td></td><td></td><td></td><td></td><td></td><td>342</td></tr><tr><td colspan="2">Total</td><td>108</td><td>869</td><td>15</td><td>7</td><td>1</td><td>1</td><td>1</td><td>1002</td></tr></table>	Era	Drill Type	Count of Sample Lengths								0.0m to 0.5m	0.5m to 1m	1.0m to 1.5m	1.5m to 2.0m	2.0m to 2.5m	2.5m to 3.0m	3.0m to 3.5m	Total	pre-2015	AC		55						55	DD	43	48	11	6	1	1		110	RC		105						105	UNKN	65	176	4	1			1	247	2015	DD		143						143	RC		342						342	Total		108	869	15	7	1	1	1	1002																								
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<ul style="list-style-type: none"><li>Composited to 1m intervals for resource estimate.</li></ul>																																																																																																													
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"><li>No apparent association when data assessed by drill type and mineralisation style breakdown.</li><li>Significant relationship differences when assessing DD vs RC holes:<table><tr><th>Drill Type</th><th>Number of Holes</th><th>Total Metres</th><th>Average Intercept</th><th colspan="4">Average Grade (ppm)</th></tr><tr><td></td><td></td><td></td><td></td><th>Cu</th><th>Au</th><th>Ag</th><th>Zn</th></tr><tr><td>Diamond</td><td>34</td><td>82</td><td>2.4</td><td>31123</td><td>0.95</td><td>9.1</td><td>4384</td></tr><tr><td>Reverse Circulation</td><td>26</td><td>145</td><td>5.6</td><td>15551</td><td>0.23</td><td>1.7</td><td>1614</td></tr></table><ul style="list-style-type: none"><li>Smearing and/or preferential loss and/or cross-contamination of samples may be present in RC drill sample assay dataset.</li><li>Preferential loss of friable non-mineralised material may have biased the DD drill sample assay dataset</li><li>Both the RC and DD datasets may be preferentially weighted by material with significantly different tenor of in situ grade</li></ul></li></ul>	Drill Type	Number of Holes	Total Metres	Average Intercept	Average Grade (ppm)								Cu	Au	Ag	Zn	Diamond	34	82	2.4	31123	0.95	9.1	4384	Reverse Circulation	26	145	5.6	15551	0.23	1.7	1614																																																																												
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Criteria	Explanation
Diagrammes	<ul style="list-style-type: none"> <li>Historic cross sections and plans were reviewed</li> <li>Long section thickness and drillhole intercept figure:</li> </ul> 
Balanced reporting	<ul style="list-style-type: none"> <li>Selective sampling of holes where mineralisation observed considered acceptable for estimating sulphide resources. Any gold or silver mineralisation intercepted by drilling with no associated sulphides will not be identifiable in the current dataset. Stavely Minerals identified younger gold only mineralisation proximal to but not genetically related to the VMS mineralisation.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>A further 53 holes have been drilled within the exploration tenements.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>Mineralisation thins but is open at depth and opportunities for defining drilling targets (thick shoots). Additional resources may be identified by better definition of the thick mineralisation directly below the Indicated Resources.</li> </ul>

### Section 3: Estimation and Reporting of Mineral Resources

Criteria	Explanation
Database integrity	<p>Data management protocols and provenance unknown</p> <p>Limited cross checks with paper records of drill hole and assay data</p> <p>Field verification of 9 hole collar locations.</p> <p>Relational and spatial integrity assessed and considered acceptable.</p>
Site visits	<p>Not undertaken by CP</p> <p>Stavely Minerals' personnel verify existence of core. CP has viewed photos of chip trays with mineralisation taken by Stavely Minerals' Personnel.</p>
Geological interpretation	<p>Single planar mineralised massive sulphide body interpreted and modelled for grade interpolation.</p> <p>Oxide state modelled and utilised for reporting of resource estimate.</p>
Dimensions	<p>Mineralisation extends for a strike length of 830m (towards 335deg), vertically for 350m and ranges mostly between 1m and 3m thick (total massive + sub-massive + stringer mineralisation). The mineralisation is modelled between 4m and 14m thick in the upper 50m (this may be real, due to supergene actions or introduced due to the suspected wet/difficult RC drilling conditions)</p> <p>The block model and grade estimate encompasses the extent of the mineralisation.</p>
Estimation and modelling techniques	<p>Copper, gold, silver and zinc grades were interpolated into a Vulcan<sup>TM</sup> non-regular block model with 10x10x10 metre parent blocks – subblocked to 1x1x1 metre minimum block dimensions.</p> <p>1m composite intervals utilised.</p> <p>Grades greater than:</p> <p>6%Cu,</p>

Criteria	Explanation
	2.50ppmAu, 15ppmAg, 1%Zn, were restricted to inform blocks within a 55m radius of their location. Single pass ID2 interpolation run employed utilising 400m sample search within the plane of mineralisation. Minimum of 20 and maximum of 40 composites utilised to estimate grade. The Mt Ararat resource is classified as Inferred under the guidelines set out in the 2012 JORC Code.
Moisture and recovery	15 of 18 RC holes drilled by Centaur Mining encountered wet drilling through the mineralisation. Grade profiles suggest down hole smearing of grade (cross-contamination) in the oxide/supergene mineralisation. Core recovery averages 85% through the oxide/weathered mineralisation, down from >97% recorded for the supergene and primary mineralisation. There is no information or data to assess the affect core loss has on grade.
Cut-off parameters	The resource is reported by mineralisation thickness and oxidation state. Cuts of 0.5%, 1.0% and 2.0% copper were applied. These breakdowns and grade tonnage plots are reported to allow differing economic assessment on the project.
Mining factors or assumptions	Not applied, however resource is reported at 1m and 2m thicknesses and by oxidation state to allow for assessment of both underground and open cut mining methods.
Metallurgical factors or assumptions	Not evaluated as risks associated with historic data over-riding feature affecting the confidence of the estimate.
Environmental factors or assumptions	Not evaluated as risks associated with historic data over-riding feature affecting the confidence of the estimate.
Bulk Density	A single tonnage factor of 3.17 tonnes/m <sup>3</sup> was applied to all mineralisation.
Classification	The estimate is classified as Inferred under the JORC Code (2012 Edition). Absence of QA/QC and important data for evaluating risk to the estimate (such as recover and moisture versus grade) are key factors in assigning an Inferred Classification.
Audits or reviews.	No Audit or Review of estimate undertaken.
Discussion of relative accuracy/ confidence	Not undertaken other than that stated under the classification section.

## Appendix 2: Thursday's Gossan Mineral Resource Estimate

### Summary:

The Thursday Gossan Chalcocite Copper Inferred Resource Estimate, August 2015, remains unchanged from the Thursday Gossan Chalcocite Copper Inferred Resource Estimate, August 2013. There has been no additional data collected from the deposit and although economic circumstances affecting the mining industry have changed since 2013 the assumptions utilised in 2013 remain valid, if not for the current situation but for future situations. Stavely Minerals have advised that tenure over the Thursday Gossan Chalcocite deposit is in good standing and that there are no impediments to undertaking further evaluation of the deposit.

Details of the 2013 resource estimate have been reported in "Thursday Gossan Copper, Victoria, Australia, 2013 Resource Estimate Report" prepared for Northern Platinum Pty Ltd, a forerunner for Stavely Minerals Limited who now hold tenure over the project area. The following summary of the 2013 Inferred Resource Estimate applies to the 2015 resources publically stated by Stavely and is repeated here unchanged to support their statement. The reader can substitute 2015 for 2013 and Stavely Minerals for Northern Platinum in the text on the following pages.

The Thursday Gossan Chalcocite Copper August 2013 Inferred Resource estimate is an inverse distance squared Cu estimate of the tabular sub-horizontal supergene style mineralisation of the deposit and is tabulated below. The estimate was undertaken, classified and reported according to the guidelines set out in *The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve (the JORC Code, 2012 Edition)*.

### The Thursday Gossan Chalcocite Copper Inferred Resource Estimate:

Thursday Gossan Chalcocite Copper August 2013 Inferred Resources (JORC 2012 Edition)					
Copper Mineralisation Subdivision		Lower Cu Tonnes (MT) Cut (%)		Copper Grade (%)	Contained Copper (KT)
Mineralisation greater than 10m thick	10 to 20m thick	0.20	8.5	0.3	28.1
		0.30	4.5	0.4	18.4
		0.50	0.5	0.7	3.4
	Greater than 20m thick	0.20	14.4	0.4	61.7
		0.30	9.7	0.5	49.7
		0.50	3.1	0.8	24.8
	Sub Total (greater than 10m thick)	0.20	22.9	0.4	89.8
		0.30	14.2	0.5	68.0
		0.50	3.7	0.8	28.2
Mineralisation less than 10m thick		0.20	5.1	0.3	17.1
		0.30	2.5	0.4	10.6
		0.50	0.2	0.9	2.1
Total Mineralisation		0.20	28.1	0.4	106.9
		0.30	16.7	0.5	78.6
		0.50	3.9	0.8	30.3

Table shows rounded estimates. This rounding may cause apparent computational discrepancies. Significant figures do not imply precision. Nominal copper grade reporting cuts applied. Three mineralised thicknesses reported as varied economic factors are likely to be applicable to each.

### The estimate:

- Is based on historic drilling data of unknown reliability and quality however there are no obvious reasons to question that the holes were drilled to test a flat lying supergene copper deposit.
- Extends intermittently for a strike length of 4000m (NS) a breadth of 1500m and vertically up to 60m thick. The model includes prospects known as Thursday Gossan Chalcocite Copper, Junction and Drysdale.
- Is underpinned by 2355 Cu assays from 225 holes (1493 nominal 3m composites). Cu grades were interpolated without any cuts or restrictions. A tonnage factor of 2.10g/cc was applied to all mineralised blocks.
- Reconciles well both statistically and spatially with the source assay data.



- Was undertaken by Duncan Hackman who is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 (The JORC Code, 2012 Edition).

**JORC 2012 Table 1, Sections 1,2 and 3 criteria.**

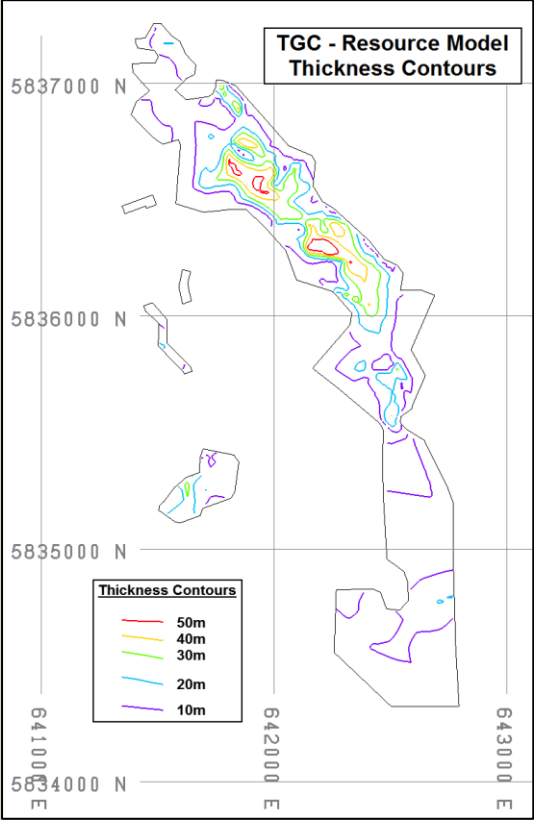
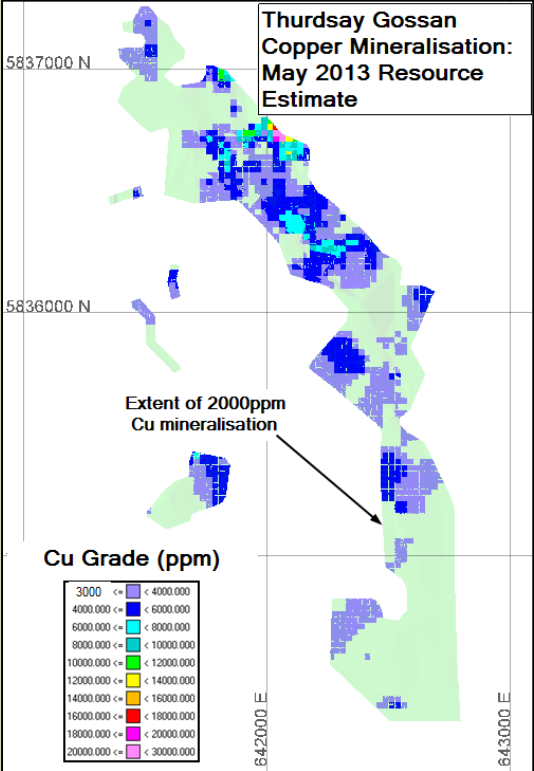
**Section 1: Sampling Techniques and Data**

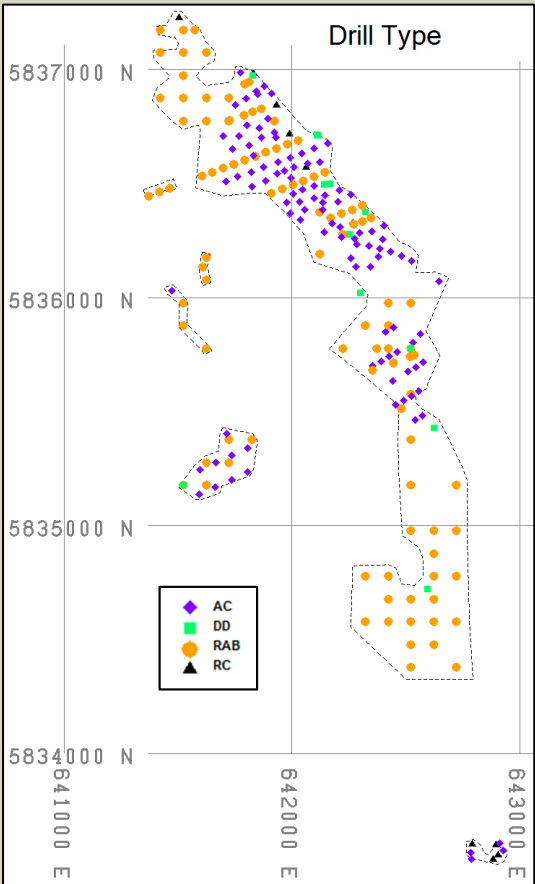
Criteria	Explanation																																																																																																																						
Sampling techniques	<p>Resource estimate underpinned by diamond drilling (DD), aircore drilling (AC), reverse air blast drilling (RAB) and reverse circulation drilling (RC) samples:</p> <p>Pennzoil (1 RC, 14 RAB holes): 2m Samples selected where mineralisation observed. 13 RAB holes sampled every alternate 2m intervals. No details on sampling methods.</p> <p>North (4 DD, 1 AC, 85 RAB) and Newcrest (3 DD): Diamond holes ½ core sampled. No details on sampling of RC, RAB and Aircore holes.</p> <p>Beaconsfield Gold (2 DD, 78 AC): Diamond holes ½ core sampled. Aircore holes were sampled by spearing of material on 2m or 3m intervals where no mineralisation was observed and on 1m intervals where mineralisation was observed.</p> <p>TGM Group (26 AC): No details.</p>																																																																																																																						
Drilling techniques	<p>Drilling details for the TGC resource drillhole dataset</p> <table><tr><th>Drill Type</th><th>Company</th><th>Count</th><th>Av. DFrom to Min. Top (m)</th><th>Av. Dto to Min. Base (m)</th><th>Av. Min. Int Length (m)</th><th>Av. Cu (ppm)</th></tr><tr><td rowspan="3">AC</td><td>BCD</td><td>78</td><td>32</td><td>56</td><td>24</td><td>4080</td></tr><tr><td>North</td><td>1</td><td>20</td><td>62</td><td>42</td><td>3090</td></tr><tr><td>TGM Group</td><td>26</td><td>33</td><td>55</td><td>22</td><td>3496</td></tr><tr><td>AC Total</td><td></td><td>105</td><td>32</td><td>56</td><td>24</td><td>3926</td></tr><tr><td rowspan="5">DD</td><td>BCD</td><td>2</td><td>86</td><td>93</td><td>7</td><td>23586</td></tr><tr><td>CRAE</td><td>2</td><td>41</td><td>54</td><td>13</td><td>3237</td></tr><tr><td>Newcrest</td><td>3</td><td>56</td><td>85</td><td>29</td><td>3927</td></tr><tr><td>North</td><td>4</td><td>37</td><td>63</td><td>26</td><td>3541</td></tr><tr><td>Pennzoil</td><td>1</td><td>20</td><td>28</td><td>8</td><td>5250</td></tr><tr><td>DD Total</td><td></td><td>12</td><td>49</td><td>69</td><td>20</td><td>7070</td></tr><tr><td rowspan="2">RAB</td><td>North</td><td>85</td><td>31</td><td>46</td><td>15</td><td>2948</td></tr><tr><td>Pennzoil</td><td>14</td><td>22</td><td>35</td><td>13</td><td>2587</td></tr><tr><td>RAB Total</td><td></td><td>99</td><td>30</td><td>45</td><td>15</td><td>2897</td></tr><tr><td rowspan="2">RC</td><td>BCD</td><td>8</td><td>27</td><td>45</td><td>17</td><td>4498</td></tr><tr><td>Pennzoil</td><td>1</td><td>2</td><td>34</td><td>32</td><td>11944</td></tr><tr><td>RC Total</td><td></td><td>9</td><td>24</td><td>43</td><td>19</td><td>5326</td></tr><tr><td>Total All Drilling</td><td></td><td>225</td><td>32</td><td>51</td><td>20</td><td>3697</td></tr></table>	Drill Type	Company	Count	Av. DFrom to Min. Top (m)	Av. Dto to Min. Base (m)	Av. Min. Int Length (m)	Av. Cu (ppm)	AC	BCD	78	32	56	24	4080	North	1	20	62	42	3090	TGM Group	26	33	55	22	3496	AC Total		105	32	56	24	3926	DD	BCD	2	86	93	7	23586	CRAE	2	41	54	13	3237	Newcrest	3	56	85	29	3927	North	4	37	63	26	3541	Pennzoil	1	20	28	8	5250	DD Total		12	49	69	20	7070	RAB	North	85	31	46	15	2948	Pennzoil	14	22	35	13	2587	RAB Total		99	30	45	15	2897	RC	BCD	8	27	45	17	4498	Pennzoil	1	2	34	32	11944	RC Total		9	24	43	19	5326	Total All Drilling		225	32	51	20	3697
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Drill sample recovery	Recovery data available for 2 DD holes.																																																																																																																						
Logging	<p>Lithology logs through mineralisation available for all holes.</p> <p>Incomplete oxidation-state and interval colour logging (utilised to determine base of supergene zone).</p>																																																																																																																						
Sub-sampling techniques and sample preparation	<p>Pennzoil (1 RC, 14 RAB holes): No details on sampling and sample preparation methodology.</p> <p>North (4 DD, 1 AC, 85 RAB) and Newcrest (3 DD): No details sample preparation methodology.</p> <p>Beaconsfield Gold (2 DD, 78 AC): No information on sample preparation methodology.</p> <p>TGM Group (26 AC): No details</p>																																																																																																																						
Quality of assay data and laboratory tests	<p>Pennzoil (1 RC, 14 RAB holes): A base metal suite was assayed via AAS (digestion not specified) and Au was assayed via fire assay.</p> <p>North (4 DD, 1 AC, 85 RAB) and Newcrest (3 DD): A base metal suite was assayed via Mixed Acid digest, AAS detection and Au was assayed via fire</p>																																																																																																																						

Criteria	Explanation
	<p>assay.</p> <p>Beaconsfield Gold (2 DD, 78 AC): OnSite Laboratory Services (Bendigo) analysed all samples for Cu by aqua regia digest ICP-OES detection and repeated assays for samples returning greater than 5000ppm Cu by Mixed Acid Digest ICP-OES detection. Au was assayed via fire assay.</p> <p>TGM Group (26 AC): No details. "Cherry-picking" of best assays from reassayed samples (85 of 160 substituted) has introduced a +10% relative bias for 9 holes used in the resource estimate.</p> <p>No QC samples were inserted into any of the sample batches from the Thursday Gossan drilling. No laboratory QC data was made available for assessment as part of this resource estimate.</p> <p>Beaconsfield Gold undertook a limited (selective) umpire laboratory programme (29 samples), entire residual material assaying (94 intervals) and 66 sub-sample assays of residual material (66 intervals). These projects provide limited insight into sampling and assay reliability. This data indicates that:</p> <p>Both significant bias and precision issues are suspected in the Beaconsfield Gold dataset (OnSite Laboratory) and that there appears to be a period of instrument malfunction or systems/procedural breakdown at grades greater than 3000ppm Cu at the laboratory.</p> <p>The spear vs total sample dataset shows a significant relative bias in favour of the spear sample, manifesting greatest within samples containing higher copper grades.</p>
Verification of sampling and assaying	Beaconsfield Gold undertook a limited (selective) umpire laboratory programme (29 samples), entire residual material assaying (94 intervals) and 66 sub-sample assays of residual material (66 intervals). These projects provide limited insight into sampling and assay reliability.
Location of data	<p>Holes within the Thursday Gossan area are recorded as being surveyed under three systems: AMG66 zone 54S, MGA zone 54 and GDA94 zone 54S. All coordinates were converted to GDA94 zone 54S by previous workers. These conversions have not been checked by NPT or HA. The August 2013 estimate is undertaken using the supplied GDA94 54S grid references. Beaconsfield Gold holes were located by hand held GPS. No information on survey methods for other workers.</p>
Data spacing and distribution	<p>Area showing the thickest and highest tenor of mineralisation tested at nominal 50m centres by predominantly vertical holes.</p> <p>Areas less well mineralised tested mostly at 100m centres by vertical drillholes</p>
Orientation of data in relation to geological structure	<p>Drill orientation appropriate for testing of flat-lying mineralisation</p> <p>Underlying geology indicates that primary mineralisation may be sub vertical. Supergene mineralisation is controlled by pre-existing geology, groundwater movement and surface/weathering events. It is unknown from the current dataset if there is any sub-vertical fabric within the supergene mineralisation and if so then vertical holes will not adequately sample this feature of the mineralisation.</p>
Sample security	No available data to assess security
Audits or reviews	Basic checking of data integrity

## Section 2: Reporting of Exploration Results

Criteria	Explanation																																																																																																																										
Mineral tenement and land tenure status	The mineralisation is situated within exploration licence EL4556 (expires 05/04/2014) which is currently held by Northern Platinum Pty Ltd. Northern Platinum advises that the tenement is considered in good standing by the Victorian Department of Environment and Primary Industries and that they cannot foresee any reasons that would inhibit the tenement being renewed for a further term in 2014.																																																																																																																										
Exploration done by other parties	Pennzoil: 1 RC, 14 RAB holes North: 4 DD, 1 AC, 85 RAB holes TGM Group: 26 AC holes Beaconsfield Gold: 2 DD, 78 AC holes Beaconsfield Gold: Resource Estimate undertaken by Coffey Mining Pty Ltd (2008)																																																																																																																										
Geology	Supergene enrichment of hydrothermally altered host rocks, where fine grained chalcocite and covellite have partially replaced pyrite and chalcopyrite grains.																																																																																																																										
Drill hole Information	<p>225 holes drilled in the prospect. Collar locations not verified however plot within acceptable levels from SRTM derived topographic surface. Downhole surveys for describing hole trace and sample locations available for 4 of 40 angled holes. 185 vertical holes drilled. Pennzoil assayed intervals logged with visible sulphide mineralisation. Sampling interval breakdown:</p> <table><tr><th rowspan="2">Drill Type</th><th rowspan="2">Company</th><th colspan="4">Count of Sample Lengths</th><th rowspan="2">Total</th></tr><tr><th>0 to 1m</th><th>1 to 2m</th><th>2 to 3m</th><th>3 to 5m</th></tr><tr><td rowspan="3">AC</td><td>BCD</td><td>833</td><td>258</td><td>177</td><td>1</td><td>1269</td></tr><tr><td>North</td><td></td><td>21</td><td></td><td></td><td>21</td></tr><tr><td>TGM Group</td><td></td><td></td><td>187</td><td></td><td>187</td></tr><tr><td colspan="2">AC Total</td><td>833</td><td>279</td><td>364</td><td>1</td><td>1477</td></tr><tr><td rowspan="5">DD</td><td>BCD</td><td>3</td><td>4</td><td>1</td><td>1</td><td>9</td></tr><tr><td>CRAE</td><td>1</td><td>10</td><td>2</td><td></td><td>13</td></tr><tr><td>Newcrest</td><td>38</td><td>25</td><td></td><td></td><td>63</td></tr><tr><td>North</td><td>96</td><td>4</td><td></td><td></td><td>100</td></tr><tr><td>Pennzoil</td><td>8</td><td></td><td></td><td></td><td>8</td></tr><tr><td colspan="2">DD Total</td><td>146</td><td>43</td><td>3</td><td>1</td><td>193</td></tr><tr><td rowspan="2">RAB</td><td>North</td><td></td><td>1</td><td>436</td><td>2</td><td>439</td></tr><tr><td>Pennzoil</td><td>1</td><td>92</td><td></td><td></td><td>93</td></tr><tr><td colspan="2">RAB Total</td><td>1</td><td>93</td><td>436</td><td>2</td><td>532</td></tr><tr><td rowspan="2">RC</td><td>BCD</td><td>136</td><td></td><td>1</td><td></td><td>137</td></tr><tr><td>Pennzoil</td><td></td><td>16</td><td></td><td></td><td>16</td></tr><tr><td colspan="2">RC Total</td><td>136</td><td>16</td><td>1</td><td></td><td>153</td></tr><tr><td colspan="2">Total</td><td>1116</td><td>431</td><td>804</td><td>4</td><td>2355</td></tr></table> <p>Lithology logs through mineralisation available for all holes. Incomplete oxidation-state and interval colour logging (utilised to determine base of supergene zone). Summary moisture data available for 28 AC/RC holes show that all bar one hole encountered water through the mineralised interval. Recovery data available for 2 DD holes. SG measurements taken from Beaconsfield Gold hole TGDD46. No mention of drying samples. May be more akin to bulk density measurements than dry bulk density measurements.</p>	Drill Type	Company	Count of Sample Lengths				Total	0 to 1m	1 to 2m	2 to 3m	3 to 5m	AC	BCD	833	258	177	1	1269	North		21			21	TGM Group			187		187	AC Total		833	279	364	1	1477	DD	BCD	3	4	1	1	9	CRAE	1	10	2		13	Newcrest	38	25			63	North	96	4			100	Pennzoil	8				8	DD Total		146	43	3	1	193	RAB	North		1	436	2	439	Pennzoil	1	92			93	RAB Total		1	93	436	2	532	RC	BCD	136		1		137	Pennzoil		16			16	RC Total		136	16	1		153	Total		1116	431	804	4	2355
Drill Type	Company			Count of Sample Lengths					Total																																																																																																																		
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RC Total		136	16	1		153																																																																																																																					
Total		1116	431	804	4	2355																																																																																																																					
Data aggregation methods	Assays composited to 3m for resource estimation.																																																																																																																										
Relationship between mineralisation widths and intercept lengths	No obvious association other than, as expected with supergene mineralisation, globally thicker mineralisation has higher tenor of copper.																																																																																																																										

Criteria	Explanation
Diagrammes	<p>No historic or client produced diagrammes available for review.</p> <p>Thickness plan:</p>  <p>Copper grade plan:</p> 

Criteria	Explanation
	<p>Drillhole plan:</p> 
Balanced reporting	<p>Selective sampling of holes where mineralisation observed considered acceptable for estimating sulphide resources.</p> <p>Alternative sampling and “cherry picking” practices assessed as having negligible effect on global estimate but will be a limiting factor in lifting local resources to higher than Inferred classification under the JORC Code (2012 Edition)</p> <p>66 of the 225 holes terminate within mineralisation; however surrounding holes adequately define the base of mineralisation.</p>
Other substantive exploration data	<p>A further 683 holes within and surrounding the prospect area were utilised for defining the resource mineralisation.</p>
Further work	<p>Evaluation of area for discovery of styles of mineralisation other than the defined supergene mineralisation.</p>

### Section 3: Estimation and Reporting of Mineral Resources

Criteria	Explanation
Database integrity	<p>Data management protocols and provenance unknown.</p> <p>Limited cross checks with paper records of drill hole and assay data.</p> <p>Relational and spatial integrity assessed and considered acceptable.</p>
Site visits	<p>Not undertaken by CP</p> <p>CP has viewed photos of chip trays with mineralisation taken by Northern Platinum Personnel.</p>
Geological interpretation	<p>Single planar flat-lying horizon of supergene mineralisation containing areas where mineralisation thickens and copper grade tenor increases. A 0.2%Cu cut was utilised to domain the extents of the better mineralisation and this</p>

Criteria	Explanation
	domain used as a hard boundary for grade interpolation.
Dimensions	Extends intermittently for a strike length of 4000m (NS) a breadth of 1500m and vertically up to 60m thick. The model includes prospects known as Thursday Gossan Chalcocite Copper, Junction and Drysdale. The block model and grade estimate encompasses the extent of the mineralisation.
Estimation and modelling techniques	Copper grades were interpolated into a Vulcan™ non-regular block model with 20x20x10 metre parent blocks – subblocked to 2.5x2.5x2.5 metre minimum block dimensions. 3m composite intervals utilised. No high grade sample treatment applied. Single pass ID2 interpolation run employed utilising 200m sample search within the plane of mineralisation (97.8% of blocks within the TIN domain estimated). Minimum of 10 and maximum of 20 composites utilised to estimate grade. The Mt Ararat resource is classified as Inferred under the guidelines set out in the 2012 JORC Code.
Moisture and Recovery	27 of 28 AC/RC holes with moisture information recorded wet drilling conditions through the mineralisation. It is unknown if the wet conditions has introduced bias or contamination into the dataset as relevant/detailed information is not available. Available core recovery data suggests that biases caused by both loss and enrichment may be affecting the resource dataset.
Cut-off parameters	The resource estimate is reported at 0.2%, 0.3% and 0.5% Cu cuts and by three mineralised thicknesses domains - <10m, 10-20m and >20m thick. These breakdowns and grade tonnage plots are reported to allow differing economic assessment on the project.
Mining factors or assumptions	Not applied, however resource is reported at three thicknesses for input into this discipline.
Metallurgical factors or assumptions	Not evaluated as risks associated with historic data over-riding feature affecting the confidence of the estimate.
Environmental factors or assumptions	Not evaluated as risks associated with historic data over-riding feature affecting the confidence of the estimate.
Bulk Density	A single tonnage factor of 2.10 tonnes/m <sup>3</sup> was applied to all mineralisation.
Classification	The estimate is classified as Inferred under the JORC Code (2012 Edition). Absence of QA/QC, the indicated sampling and assaying issues and absence of important data for evaluating other risks to the estimate (such as recover and moisture versus grade) are key factors in assigning an Inferred Classification.
Audits or reviews.	No Audit or Review of estimate undertaken
Discussion of relative accuracy/ confidence	Not undertaken other than that stated under the classification section.



Your Directors present their report for the year ended 30 June 2015.

## **DIRECTORS**

The names and particulars of the Directors of the Company in office during the financial year and up to the date of this report were as follows. Directors were in office for the entire year unless otherwise stated.

### **William Plyley**

#### **B.Sc (Metallurgical Engineering)**

*Non Executive Chairman (appointed 6 December 2013)*

Mr William Plyley is a mining executive with over 35 years operational experience in exploration, mining, processing, and management with substantial resources companies such as Placer Dome Inc, Normandy Mining Limited and Red Back Mining Inc. He has been responsible for major mine developments in Ghana, West Africa and Australia. He has also had significant roles in development and expansion of mines in Papua New Guinea and Australia. Mr Plyley retired, in late 2010, from a role as Chief Operating Officer of La Mancha Resources where he was responsible for the development of the Frog's Leg and White Foil mines near Kalgoorlie, Western Australia and the operation of mines in Sudan and Cote d'Ivoire, Africa. Recently, Mr Plyley was a Director of Integra Mining Limited from November 2011 until the take over of Integra by Silver Lake Resources Limited in January 2013.

Mr Plyley has a B.Sc. in Metallurgical Engineering from Mackay School of Mines, University of Nevada. He is a member of Australian Institute of Mining and Metallurgy (MAusIMM) and Graduate of Australian Institute of Company Directors (GAICD).

Mr Plyley is a member of the Company's Audit and Risk Committee.

*Other directorships of listed companies in the last three years: Integra Mining Limited (until 1 January 2013).*

### **Christopher Cairns**

#### **B.Sc (Hons)**

*Executive Managing Director (Appointed 23 May 2006)*

Mr Christopher Cairns completed a First Class Honours degree in Economic Geology from the University of Canberra in 1992. Mr Cairns has extensive experience having worked for:

- BHP Minerals as Exploration Geologist / Supervising Geologist in Queensland and the Philippines
- Aurora Gold as Exploration Manager at the Mt Muro Gold Mine in Borneo
- LionOre as Supervising Geologist for the Thunderbox Gold Mine and Emily Anne Nickel Mine drill outs
- Sino Gold as Geology Manager responsible for the Jinfeng Gold Deposit feasibility drillout and was responsible for the discovery of the stratabound gold mineralisation taking the deposit from 1.5Moz to 3.5Moz in 14 months.

Mr Cairns joined Integra Mining Limited in March 2004 and as Managing Director oversaw the discovery of three gold deposits, the funding and construction of a new processing facility east of Kalgoorlie transforming the company from explorer to gold producer with first gold poured in September 2010. In 2008 Integra was awarded the Australian Explorer of the Year by Resources Stocks Magazine and in 2011 was awarded Gold Miner of the Year by Paydirt Magazine and the Gold Mining Journal.

In January 2013, Integra was taken over by Silver Lake Resources Limited for \$426 million (at time of bid) at which time Mr Cairns resigned along with the whole Integra Board after having successfully recommended shareholders accept the Silver Lake offer.

Mr Cairns is a member of the Australian Institute of Geoscientists, a member of the JORC Committee and a Board member of the Australian Prospectors and Miners Hall of Fame.

*Other directorships of listed companies in the last three years: Integra Mining Limited (until 1 January 2013).*

**Jennifer Murphy****B.Sc(Hons), M.Sc***Executive Technical Director (Appointed 8 March 2013)*

Ms Jennifer Murphy completed a First Class Honours Degree in Geology in 1989, and subsequently a Master of Science Degree in 1993 at the University of Witwatersrand in South Africa. Ms Murphy joined Anglo American Corporation in 1993 as an exploration geologist working in Tanzania and Mali. In 1996, she immigrated to Australia and joined Normandy Mining Limited, working initially as a project geologist in the Eastern Goldfields and Murchison Greenstone Provinces and afterwards was responsible for the development and management of the GIS and administration of the exploration database.

Between 2004 and 2007, Ms Murphy provided contract geological services to a range of junior exploration companies. Ms Murphy joined Integra Mining Limited in 2007, initially as an administration geologist, and in 2010 the role was expanded to that of corporate geologist. In 2013 Ms Murphy joined Stavely Minerals as part of the management team to provide technical and geological expertise. Ms Murphy is a member of the Australian Institute of Geoscientists and has a broad range of geological experience ranging from exploration program planning and implementation, GIS and database management, business development, technical and statutory, and ASX reporting, as well as corporate research and analysis and investor liaison.

Ms Murphy is a member of the Company's Audit and Risk Committee.

*Other directorships of listed companies in the last three years: Nil.*

**Peter Ironside****B.Com, CA***Non Executive Director (appointed 23 May 2006)*

Mr Peter Ironside has a Bachelor of Commerce Degree and is a Chartered Accountant and business consultant with over 30 years experience in the exploration and mining industry. Mr Ironside has a significant level of accounting, financial compliance and corporate governance experience including corporate initiatives and capital raisings. Mr Ironside has been a Director and/or Company Secretary of several ASX listed companies including Integra Mining Limited and Extract Resources Limited (before \$2.18Bn takeover) and is currently a non-executive director of Zamanco Minerals Limited.

Mr Ironside is Chair of the Company's Audit and Risk Committee.

*Other directorships of listed companies in the last three years: Zamanco Minerals Limited (current) and Integra Mining Limited (until 1 January 2013).*

**COMPANY SECRETARY****Amanda Sparks****B.Bus, CA, F.Fin***Appointed 7 November 2013*

Ms Amanda Sparks is a Chartered Accountant with over 26 years of resources related financial experience, both with explorers and producers. Ms Sparks has extensive experience in financial management, corporate governance and compliance for listed companies.

### MEETINGS OF DIRECTORS

During the financial year, five meetings of directors were held. The number of meetings attended by each director during the year is as follows:

	Board of Directors		Audit and Risk Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
W Plyley	5	5	2	2
C Cairns	5	5	*	*
J Murphy	5	5	2	2
P Ironside	5	5	2	2

\* Not a member of the Audit and Risk Committee

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The following table sets out each director's relevant interest in shares and options in shares of the Company as at the date of this report.

Name of Director	Number of Shares (direct and indirect)	Number of Unlisted Options at 27 cents, expiry 31/12/2017	Number of Listed Options at 30 cents, expiry 30/6/2016
W Plyley	22,000	1,000,000	1,000
C Cairns	15,007,419	5,032,258	160,000
J Murphy	3,467,097	1,561,290	30,000
P Ironside	30,157,419	5,032,258	240,000

### DIVIDENDS

No dividends were paid or declared during the year. The Directors do not recommend payment of a dividend.

### ENVIRONMENTAL ISSUES

The Company's environmental obligations are regulated by the laws of Australia. The Company has a policy to either meet or where possible, exceed its environmental obligations. No environmental breaches have been notified by any governmental agency as at the date of this report.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

### CORPORATE INFORMATION

#### Corporate Structure

Stavely Minerals Limited is a limited liability company that is incorporated and domiciled in Australia.

#### Principal Activity

The Company's principal activity was mineral exploration for the year ended 30 June 2015. There were no significant changes in the nature of the principal activities during the year.

#### Operations review

Refer to the Operations Review preceding this report.

**Change in Accounting Policy – Exploration and Evaluation Expenditure**

Exploration expenditure of \$2,815,163 was expensed to the income statement this year following a voluntary change in the Company's accounting policy. Under the new policy, exploration and evaluation expenditure is charged to the profit and loss account as incurred. Exploration costs are only capitalised to the balance sheet if they result from an acquisition. Comparative information has been restated.

**Summary of Financial Position, Asset Transactions and Corporate Activities**

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

	Year	Restated Year
	30 June 2015	30 June 2014
	\$	\$
Cash and cash equivalents held at year end	1,941,148	4,216,717
Net profit/(loss) for the year after tax	(3,497,173)	(2,160,087)
Included in loss for the year:		
Exploration costs	(2,815,163)	(1,272,542)
Equity-based payments	-	(284,404)
Interest expense	-	(72,548)
Basic profit/(loss) per share (cents) from continuing operations	(4.33)	(5.45)
Net cash (used in) operating activities	(3,490,417)	(3,255,474)
Net cash (used in) investing activities	(116,189)	(113,577)
Net cash from financing activities	1,331,037	7,551,341

During the year:

- On 30 June 2015, Stavely issued 5,600,000 new shares at an issue price of \$0.25 per share together with 2,800,000 free attaching option under a placement to sophisticated investors. The options have an exercise price of \$0.30 each and expire 30 June 2016. Gross proceeds raised totalled \$1,400,000.
- 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 cash payment and by way of offset of the price of subscription application for shares.

During the year ended 30 June 2015, 1,078,206 ordinary shares (\$239,658) were issued pursuant to this agreement.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Significant changes in the state of affairs of the Company during the financial year are detailed in the Operations Review and Financial Summary in this report.

**FUTURE DEVELOPMENTS**

The Company anticipates to continue its exploration activities and consider corporate transactions to ensure further development of its tenements.



## **REMUNERATION REPORT (AUDITED)**

### **A. INTRODUCTION**

This report details the nature and amount of remuneration for each Director and Executive of Stavely Minerals Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise).

For the purposes of this report the term "Executive" includes those key management personnel who are not directors.

#### **Details of Key Management Personnel During the Year**

##### **Non-Executive Directors**

William Plyley	–	Non-executive Chairman (from 6 December 2013)
Peter Ironside	–	Director (from 23 May 2006)

##### **Executive Directors**

Christopher Cairns	–	Managing Director (from 23 May 2006)
Jennifer Murphy	–	Technical Director (from 8 March 2013)

##### **Other Key Management Personnel**

Amanda Sparks	–	Company Secretary (from 7 November 2013)
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### **B. REMUNERATION GOVERNANCE**

The Board is responsible for ensuring that the Company's remuneration structures are aligned with the long-term interests of Stavely and its shareholders

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web. The Board has adopted the following policies for Directors' and executives' remuneration.

### **C. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION**

#### **Remuneration Philosophy**

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Executives;
- link Executive rewards to shareholder value; and
- establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

**Non-Executive directors' remuneration***Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

*Structure*

Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act as at the time of the Director's retirement or termination. Non-executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules. The option incentive portion is targeted to add to shareholder value by having a strike price considerably greater than the market price at the time of granting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Director fees being paid by comparable companies with similar responsibilities and the experience of the Non-executive Directors when undertaking the annual review process.

**Executive Director Remuneration***Objective*

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company, and individual performance;
- ensure continued availability of experienced and effective management; and
- ensure total remuneration is competitive by market standards.

*Structure*

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

*Fixed Remuneration - Objective*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Company and individual performance, and relevant comparative remuneration in the market. As noted above, the Board may engage an external consultant to provide independent advice.

*Fixed Remuneration - Structure*

The fixed remuneration is a base salary or monthly consulting fee.

*Variable Pay — Long Term Incentives - Objective*

The objective of long term incentives is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the Executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

*Variable Pay — Long Term Incentives – Structure*

Long term incentives granted to Executives are delivered in the form of options. The option incentives granted are aimed to motivate Executives to pursue the long term growth and success of the Company within an appropriate control framework and demonstrate a clear relationship between key Executive performance and remuneration. Director options are granted at the discretion of the Board and approved by shareholders. Other key management employees

may be granted options. Performance hurdles are not attached to vesting periods; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

During the year, no performance related payments were made.

#### **D. SERVICE AGREEMENTS**

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the executive directors and the other key management personnel are also formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below.

<b>Name</b>	<b>Term of agreement</b>	<b>Base annual salary exclusive of superannuation at 30/6/2015</b>	<b>Termination benefit</b>
<b>Directors</b>			
William Plyley	Commenced 22/1/2014. Ongoing, subject to re-elections	Waived to Nil* (was \$75,000)	None
Christopher Cairns	Commenced 22/1/2014. No end date, subject to termination clauses	\$150,000* (Was \$250,000, reduced by 40%)	12 months
Jennifer Murphy	Commenced 22/1/2014. No end date, subject to termination clauses	\$90,000* (Was \$150,000, reduced by 40%)	12 months
Peter Ironside	Ongoing, subject to re-elections	Waived to Nil* (Was \$30,000)	None
<b>Company Secretary</b>			
Amanda Sparks	No formal agreement		

\* Salary adjustments effective from 1 March 2015.

**E. REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Details of the remuneration of each key management personnel of the Company, including their personally-related entities, during the year were as follows:

		Cash salary, directors fees, consulting fees, insurances and movement in leave provisions \$	Post Employment Superannuation \$	Total Cash and Provisions \$	Share Based Options <sup>(1)</sup> \$	Total including share based payments \$
	Year					
<b>Directors</b>						
W Plyley <sup>(2)</sup>	2015	50,000	4,750	54,750	-	54,750
	2014	11,313	1,046	12,359	118,500	130,859
C Cairns	2015	239,818	20,583	260,401	-	260,401
	2014	40,610	3,488	44,098	-	44,098
J Murphy	2015	141,883	12,350	154,233	-	154,233
	2014	81,291	2,093	83,384	47,400	130,784
P Ironside	2015	20,000	2,330	22,330	-	22,330
	2014	4,525	-	4,525	-	4,525
<b>Other KMP</b>						
A Sparks <sup>(3)</sup>	2015	13,350	-	13,350	-	13,350
	2014	23,175	-	23,175	88,876	112,051
<b>TOTAL</b>	2015	465,051	40,013	505,064	-	505,064
	2014	160,914	6,627	167,541	254,776	422,317

<sup>(1)</sup> Equity based payments – options. These represent the amount expensed for options granted in the 2014 year.

<sup>(2)</sup> Appointed 6 December 2013.

<sup>(3)</sup> Appointed 7 November 2013.

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options; however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.



**F. SHARE-BASED COMPENSATION**

No share-based compensation was made in the 2015 year.

**Shares issued to Key Management Personnel on exercise of compensation options**

During the year to 30 June 2015, there were no compensation options exercised by Directors or other Key Management Personnel.

**G. EQUITY HOLDINGS AND MOVEMENTS DURING THE YEAR****(a) Shareholdings of Key Management Personnel**

30 June 2015	Balance at beginning of the year	Net change during the year	Balance at end of the year
<b>Directors</b>			
W Plyley	20,000	-	20,000
C Cairns	14,687,419	-	14,687,419
J Murphy	3,407,097	-	3,407,097
P Ironside	29,677,419	-	29,677,419
<b>Other KMP</b>			
A Sparks	250,000	-	250,000
	48,041,935	-	48,041,935

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arms-length.

**(b) Option holdings of Key Management Personnel**

30 June 2015	Balance at beginning of the year	Granted as remuneration	Granted as shareholder options	Balance at end of the year	Not Exercisable*	Exercisable
<b>Directors</b>						
W Plyley	1,000,000	-	-	1,000,000	1,000,000	-
C Cairns	5,032,258	-	-	5,032,258	5,032,258	-
J Murphy	1,561,290	-	-	1,561,290	1,561,290	-
P Ironside	5,032,258	-	-	5,032,258	5,032,258	-
<b>Other KMP</b>						
A Sparks	750,000	-	-	750,000	-	750,000
	13,375,806	-	-	13,375,806	12,625,806	750,000

\* Escrowed for 24 Months until 7 May 2016.

**H. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

Mr Peter Ironside, Director, is a shareholder and director of Ironside Pty Ltd. Ironside Pty Ltd is a shareholder of the 168 Stirling Highway Syndicate, the entity which owns the premises the Company occupies in Western Australia. During the year an amount of \$123,164 (net of GST) was paid for office rental and variable outgoings (2014: an amount of \$200,162 (net of GST) was paid/payable to Ironside Pty Ltd for reimbursement of office rental, server costs and other expenses).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of Zamanco Minerals Limited ("Zamanco"). Zamanco sub-leases office space in the premises the Company occupies. During the year an amount of \$39,048 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2014: Nil).

**I. USE OF REMUNERATION CONSULTANTS**

No remuneration consultants were engaged by the Company during the year.

**End of Audited Remuneration Report.****INDEMNIFICATION AND INSURANCE OF OFFICERS**

The Company has paid a premium to insure the Directors and Officers of the Company and its controlled entities. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Company.

**VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING**

The Company received 100% of 'yes' votes for its remuneration report for the 2015 financial year and did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Number	Exercise Price	Expiry Date
Unlisted Options	14,400,000	27 cents	31/12/2017
Listed Options	5,966,298	30 cents	30/06/2016

No option holder has any right under the options to participate in any other share issue of the Company or any other related entity.

No share options were exercised by employees or Key Management Personnel during the year.

### SUBSEQUENT EVENTS

On 20 July 2015, Stavely issued 6,332,726 new shares at an issue price of \$0.25 per share together with 3,166,373 free attaching options under an Entitlements Issue. The options have an exercise price of \$0.30 each and expire 30 June 2016. Gross proceeds raised totalled \$1,583,181.

On 25 August 2015, Stavely issued 3,000,000 unlisted options to employees/consultants of the Company. These options were granted to recognise the excellent performance of Stavely's employees/consultants and provide a retention incentive. The unlisted options are exercisable at 27 cents and expire on 1 December 2016. 1,000,000 of these options were issued to Ms Amanda Sparks. Ms Sparks is considered key management personal. The assessed fair value of these options for Ms Sparks is \$74,115 which has been 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.

There are no other matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Stavely Minerals Limited support and adhere to the principles of corporate governance. The Company's Corporate Governance Statement is contained in this annual report.

### AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

#### Auditors' independence - section 307C

The Auditor's Independence Declaration is included in the next page of this report.

#### Non-Audit Services

The following non-audit services were provided by the entity's auditor, BDO. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. BDO received, or are due to receive, the following amounts for the provision of non-audit services:

	2015	2014
Taxation and Corporate advice services	\$4,915	\$18,956

Signed in accordance with a resolution of the Directors.



Christopher Cairns  
Managing Director

Dated this 9th day of September 2015



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Australia

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

As lead auditor of Stavelly Minerals Limited for the year ended 30 June 2015, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over a light blue horizontal line.

**Glyn O'Brien**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 9 September 2015

This statement outlines the main corporate governance practices. These corporate governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

### **BOARD OF DIRECTORS**

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the Company website at [www.stavely.com.au](http://www.stavely.com.au).

### **ROLE AND RESPONSIBILITIES OF THE BOARD**

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. This includes setting the strategic directions for the company, establishing goals for management and monitoring the achievement of these goals.

A summary of the key responsibilities of the Board include:

1. **Strategy** - Providing strategic guidance to the Company, including contributing to the development of and approving the corporate strategy;
2. **Financial performance** - Approving budgets, monitoring management and financial performance;
3. **Financial reporting and audits** - Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the external auditors;
4. **Leadership selection and performance** - Appointment, performance assessment and removal of the Managing Director. Ratifying the appointment and/or removal of other senior management, including the Company Secretary and other Board members;
5. **Remuneration** - Management of the remuneration and reward systems and structures for Executive management and staff;
6. **Risk management** - Ensuring that appropriate risk management systems and internal controls are in place; and
7. **Relationships with the exchanges, regulators and continuous disclosure** - Ensuring that the capital markets are kept informed of all relevant and material matters and ensuring effective communications with shareholders.

The Board has delegated to management responsibility for:

- Strategies - Assisting in developing and implementing corporate strategies and making recommendations where necessary;
- Leadership selection and performance - Appointing management where applicable and setting terms of appointment and evaluating performance;
- Budgets - Developing the annual budget and managing day-to-day operations within budget;
- Risk Management - Maintaining risk management frameworks; and
- Communication - Keeping the Board and market informed of material events.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have direct access to the Company Secretary.



**COMPOSITION OF THE BOARD**

The names, skills, experiences and period of office of the Directors of the Company in office at the date of this Statement are set out in the Director's Report. A summary of these skills and experiences are provided in graph 1.

The composition of the Board is determined using the following principles:

- Persons nominated as Non-executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter.
- The Chairperson should ideally be independent, but in any case be Non-executive and be elected by the Board based on his/her suitability for the position.
- The roles of Chairperson and Managing Director should not be held by the same individual.
- All Non-executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company.
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has four Directors, with only Mr William Plyley as independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

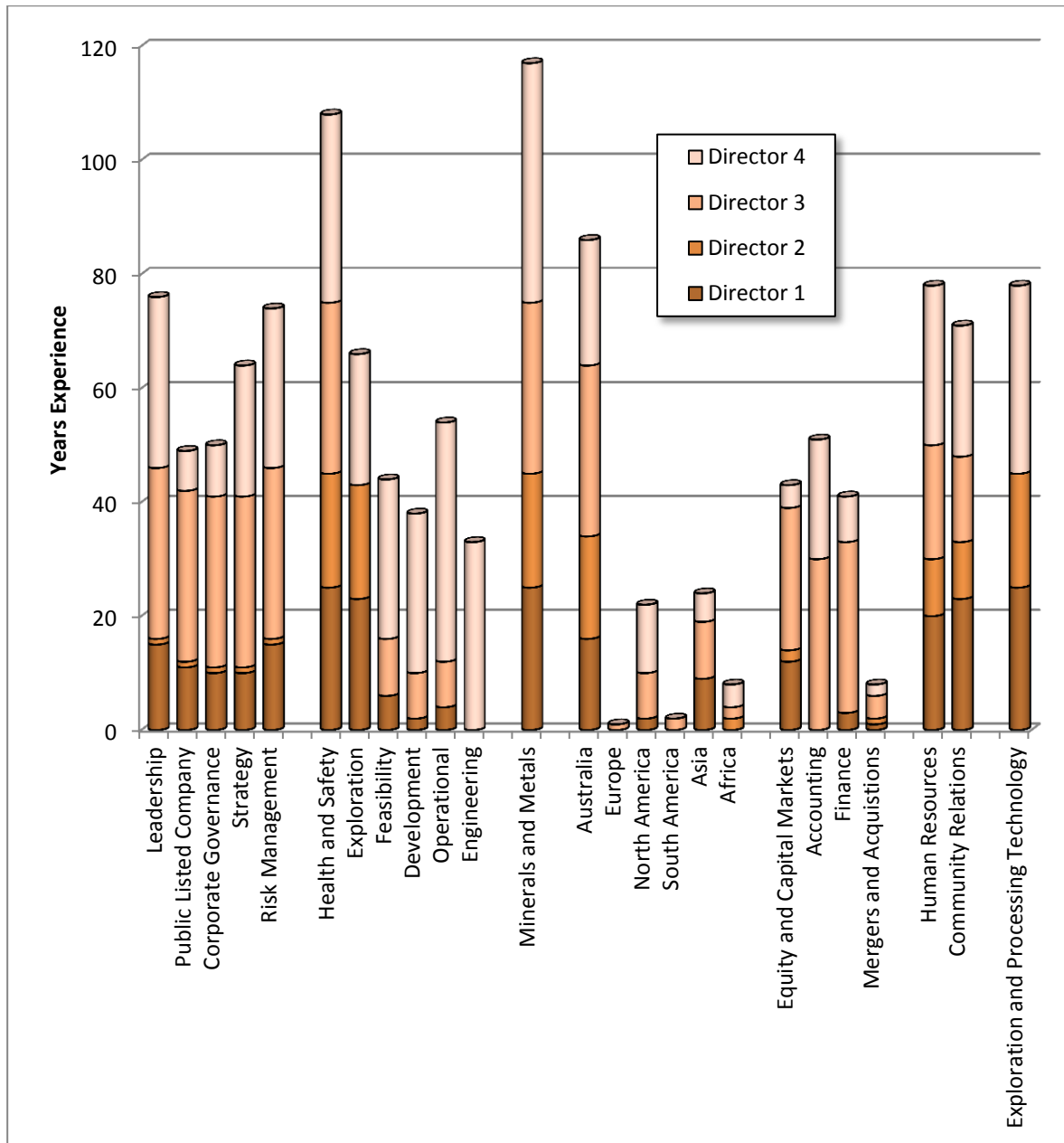
The Board has accepted the following definition of an independent Director:

An independent Director is a Director who is not a member of management (a Non-executive Director) and who:

- (a) holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- (b) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- (f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

Graph 1: Skills and Experience Matrix of Stavely Directors

**INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION**

Each Director has the right of access to all relevant Company information and to the Company's Executives and, subject to prior consultation with the Chairperson, may seek independent professional advice at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

***NOMINATION COMMITTEE / APPOINTMENT OF NEW DIRECTORS***

Because of the size of the Company and the size of the Board, the Directors do not believe it is appropriate to establish a separate Nomination Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

All new non-executive directors are required to sign a letter of appointment which sets out the key terms and conditions of their appointment, including roles and responsibilities, time commitments and remuneration. Executive directors and other senior executives enter into an employment agreement which governs the terms of their appointment.

The Board undertakes appropriate checks prior to nominating a director for election by shareholders. These checks include a police and reference checks. Shareholders are provided with all material information in its possession concerning a director standing for election or re-election in the relevant notice of meeting.

An informal induction is provided to all new directors, which includes meeting with technical and financial personnel to understand Stavely's business, including strategies, risks, company policies and health and safety.

All directors are required to maintain professional development necessary to maintain their skills and knowledge needed to perform their duties. In addition to training provided by relevant professional affiliations of the directors, additional development is provided through attendance at seminars and provision of technical papers on industry related matters and developments offered by various professional organisations, such as accounting firms and legal advisors.

***TERM OF OFFICE***

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting, one third of the Directors (excluding the Managing Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

***PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR***

The performance of all Directors, the Board as a whole and the Managing Director is reviewed annually.

The Board meets once a year with the specific purpose of conducting a review of its composition and performance. This review includes:

- Determining the appropriate balance of skills and experience required to suit the Company's current and future strategies;
- Comparing the requirements above against the skills and experience of current Directors and Executives;
- Assessing the independence of each Director;
- Measuring the contribution and performance of each Director;
- Assessing any education requirements or opportunities; and
- Recommending any changes to Board procedures, Committees or the Board composition.

A review was undertaken on 2 June 2015.

**PERFORMANCE OF SENIOR EXECUTIVES**

The Board meets at least annually to review the performance of senior Executives, considerations include the following:

- The performance of the senior Executive in supplying the Board with information in a form, timeframe and quality that enables the Board to effectively discharge its duties;
- Feedback from other senior Executives; and
- Any particular concerns regarding the senior Executive.

A review of senior executives was undertaken on 2 June 2015.

**CONFLICT OF INTEREST**

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company are set out in the related parties note in the financial statements.

**DIVERSITY**

Stavely recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

Stavely's Diversity Policy defines the initiatives which assist Stavely with maintaining and improving the diversity of its workforce. A copy of Stavely's Diversity Policy can be found on Stavely's website at <http://www.stavely.com.au/wp-content/uploads/2014/03/Corporate-Governance-Plan.pdf>. In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity.

**Proportion of Women**

	Actual	Objective
Organisation as a whole	57%	40%
Executive Management Team	67%	40%
Board and Company Secretary	40%	40%

**REMUNERATION**

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre Executives;
- Link Executive rewards to shareholder value; and
- Establish appropriate performance hurdles in relation to variable Executive remuneration.

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current year is included in the remuneration report, which is contained within the Report of the Directors.

There are no schemes for retirement benefits for Non-executive Directors, other than superannuation.

**BOARD REMUNERATION COMMITTEE**

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish a Remuneration Committee. Until that time, the Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process is stringent and full details of remuneration policies and payments are provided to shareholders in the annual report and on the web.

**AUDIT AND RISK COMMITTEE**

The Audit and Risk Committee consists of the following directors:

- Mr Peter Ironside (non-executive director). Chairman of the Committee. Appointed 16 January 2014.
- Ms Jennifer Murphy (technical executive director). Appointed 16 January 2014.
- Mr William Plyley (non-executive director). Appointed 16 January 2014.

Full details of the qualifications of the Committee members can be found in the Report of the Directors.

A copy of Stavely's Audit and Risk Committee Charter can be found on Stavely's website at <http://www.stavely.com.au/wp-content/uploads/2014/03/Corporate-Governance-Plan.pdf>.

The Committee held two meetings during the year ended June 2015. Details of attendance are disclosed in the Directors' Report. The Board reviewed the performance of this committee on 2 June 2015.

**RISK OVERSIGHT AND MANAGEMENT**

The Board determines the Company's 'risk profile' and is responsible overseeing and approving risk management strategy and policies, internal compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company's Risk Register identifies the material risks for the Company. These risks include loss of a significant tenement, failure to raise future capital, insufficient new reserves converted from resources and the occurrence of a fatality or permanent disabling injury to persons whom Stavely has a duty of care. The Risk Register records all current controls in place to minimise the risks, and identifies the overall control effectiveness. The Board and Audit and Risk Committee review the Risk Register on a regular basis.

The Board reviewed the Risk Management Framework, including the policies, procedures and the Company's Risk Register on 2 June 2015.

A summary of Stavely's Risk Management review procedures can be found in the corporate governance information section of the Company website at [www.stavely.com.au](http://www.stavely.com.au).

Considerable importance is placed on maintaining a strong control environment. The Board actively promotes a culture of quality and integrity.

Control procedures cover management accounting, financial reporting, compliance and other risk management issues.

No internal audit function is currently in place due to the size of the Company, however the Audit and Risk Committee regularly assess the need for an internal audit function. The Board encourages management accountability for the Company's financial reports by ensuring ongoing financial reporting during the year to the Board. Quarterly, the Financial Controller (or equivalent) and the Managing Director are required to state in writing to the Board that in all material respects:

Declaration required under s295A of the Corporations Act 2001 -

- the financial records of the Company for the financial period have been properly maintained;
- the financial statements and notes comply with the accounting standards;



- the financial statements and notes for the financial year give a true and fair view; and
- any other matters that are prescribed by the Corporations Act regulations as they relate to the financial statements and notes for the financial year are satisfied.

Additional declaration required as part of corporate governance -

- the risk management and internal compliance and control systems in relation to financial risks are sound, appropriate and operating efficiently and effectively.

These declarations were received for the June 2015 financial year.

### **CODE OF CONDUCT**

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

The Code of Conduct embraces the values of:

- Integrity
- Excellence
- Commercial Discipline

The Board encourages all stakeholders to report unlawful/unethical behaviour and actively promotes ethical behaviour and protection for those who report potential violations in good faith.

### **TRADING IN STAVELY SECURITIES BY DIRECTORS, OFFICERS AND EMPLOYEES**

The Board has adopted a specific policy in relation to Directors and officers, employees and other potential insiders buying and selling shares.

Directors, officers, consultants, management and other employees are prohibited from trading in the Company's shares, options and other securities if they are in possession of price-sensitive information.

The Company's Security Trading Policy is provided to each new employee as part of their induction training. Stavelly personnel must receive written approval prior to any dealing in Stavelly securities.

The Directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

### **CONTINUOUS DISCLOSURE**

The Board has a Market Disclosure Policy to ensure the compliance of the Company with the various laws and ASX Listing Rule obligations in relation to disclosure of information to the market. The Managing Director is responsible for ensuring that all employees are familiar with and comply with the policy.

Stavelly is committed to:

- (a) ensuring that shareholders and the market are provided with timely and balanced information about its activities;
- (b) complying with the general and continuous disclosure principles contained in the ASX Limited ("ASX") Listing Rules and the Corporations Act 2001; and
- (c) ensuring that all market participants have equal opportunities to receive externally available information issued by Stavelly.

**SHAREHOLDER COMMUNICATIONS STRATEGY**

The Company places significant importance on effective communication with shareholders. The Company has adopted a Shareholder Communications Strategy which can be accessed from Stavely's website at <http://www.stavely.com.au/wp-content/uploads/2014/03/Corporate-Governance-Plan.pdf>.

Information is communicated to shareholders through the annual and half yearly financial reports, quarterly reports on activities, announcements through the Australian Stock Exchange and the media, on the Company's web site and through the Chairman's address at the annual general meeting. After the Annual General Meeting, the Managing Director provides shareholders with a presentation. Afterwards all directors are available to meet with any shareholders and answer questions.

Shareholders are encouraged to contact Stavely through the Contact Us section on Stavely's website to submit any questions via email, or call.

Stavely's website provides communication details for its Share Registry, including an email address for shareholder enquiries direct to the Share Registry.

In addition, news announcements and other information are sent by email to all persons who have requested their name to be added to the email list. If requested, the Company will provide general information by email.

The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

Stavely ensures that its external auditor is present at all Annual General Meetings to enable shareholders to ask questions relevant to the audit directly to the auditor.

**COMPANY WEBSITE**

Stavely has made available details of all its corporate governance principles, which can be found in the corporate governance information section of the Company website at [www.stavely.com.au](http://www.stavely.com.au).

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 Company's financial position as at 30 June 2015 and of its performance for the year then ended; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional 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 financial year ended 30 June 2015.

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



Christopher Cairns  
Managing Director

Dated this 9th day of September 2015

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2015

		Year ended 30 June 2015	Restated * Year ended 30 June 2014
	Note	\$	\$
<b>Revenue and Income</b>			
Interest revenue		36,499	22,594
Rental sub-lease revenue		42,048	-
		<u>78,547</u>	<u>22,594</u>
<b>Expenses</b>			
Administration and corporate expenses	2(a)	(760,557)	(553,187)
Administration – equity based expenses	13	-	(284,404)
Exploration expensed	2(b)	(2,815,163)	(1,272,542)
Finance costs	2(c)	-	(72,548)
Total expenses		<u>(3,575,720)</u>	<u>(2,182,681)</u>
<b>Profit/(loss) before income tax</b>		<b>(3,497,173)</b>	<b>(2,160,087)</b>
Income tax expense	3	-	-
<b>Profit/(loss) after income tax attributable to members of Stavelly Minerals Limited</b>		<b><u>(3,497,173)</u></b>	<b><u>(2,160,087)</u></b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b><u>(3,497,173)</u></b>	<b><u>(2,160,087)</u></b>
 <b>Loss per share for the year attributable to the members of Stavelly Minerals Limited</b>			
		<b>Cents Per Share</b>	<b>Cents Per Share</b>
Basic earnings/(loss) per share	4	<u>(4.33)</u>	<u>(5.45)</u>

\* Refer to Note 1(c) for more information regarding prior year restatement.

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

**BALANCE SHEET**  
AS AT 30 JUNE 2015

		30 June 2015	Restated *	Restated *
	Note	\$	30 June 2014	1 July 2013
		\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	1,941,148	4,216,717	34,427
Other receivables	6	101,948	150,857	310,491
<b>Total Current Assets</b>		<b>2,043,096</b>	<b>4,367,574</b>	<b>344,918</b>
<b>Non-Current Assets</b>				
Receivables	6	40,000	30,000	30,000
Property, plant and equipment	7	101,814	87,441	647
Deferred exploration expenditure	8	2,982,126	2,980,752	2,969,400
<b>Total Non-Current Assets</b>		<b>3,123,940</b>	<b>3,098,193</b>	<b>3,000,047</b>
<b>Total Assets</b>		<b>5,167,036</b>	<b>7,465,767</b>	<b>3,344,965</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	9	265,097	548,089	2,107,587
Provisions	10	31,303	4,642	50,000
<b>Total Current Liabilities</b>		<b>296,400</b>	<b>552,731</b>	<b>2,157,587</b>
<b>Total Liabilities</b>		<b>296,400</b>	<b>552,731</b>	<b>2,157,587</b>
<b>Net Assets</b>		<b>4,870,636</b>	<b>6,913,036</b>	<b>1,187,378</b>
<b>Equity</b>				
Issued capital	11	10,556,136	9,101,363	1,500,022
Reserves	12	284,404	284,404	-
Accumulated losses		(5,969,904)	(2,472,731)	(312,644)
<b>Total Equity</b>		<b>4,870,636</b>	<b>6,913,036</b>	<b>1,187,378</b>

\* Refer to Note 1(c) for more information regarding prior year restatement.

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



**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2013 – Restated *</b>	<b>1,500,022</b>	-	<b>(312,644)</b>	<b>1,187,378</b>
Profit/(loss) for the year	-	-	(2,160,087)	(2,160,087)
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive loss for the year, net of tax</b>	-	-	<b>(2,160,087)</b>	<b>(2,160,087)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	8,286,400	-	-	8,286,400
Cost of issue of share capital	(685,059)	-	-	(685,059)
Share based payments	-	284,404	-	284,404
	7,601,341	284,404	-	7,885,745
<b>As at 30 June 2014 – Restated *</b>	<b>9,101,363</b>	<b>284,404</b>	<b>(2,472,731)</b>	<b>6,913,036</b>
<b>At 1 July 2014 – Restated *</b>	<b>9,101,363</b>	<b>284,404</b>	<b>(2,472,731)</b>	<b>6,913,036</b>
Profit/(loss) for the year	-	-	(3,497,173)	(3,497,173)
Other comprehensive income/(loss)	-	-	-	-
<b>Total comprehensive loss for the year, net of tax</b>	-	-	<b>(3,497,173)</b>	<b>(3,497,173)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	1,639,658	-	-	1,639,658
Cost of issue of share capital	(184,885)	-	-	(184,885)
Share based payments	-	-	-	-
	1,454,773	-	-	1,454,773
<b>As at 30 June 2015</b>	<b>10,556,136</b>	<b>284,404</b>	<b>(5,969,904)</b>	<b>4,870,636</b>

\* Refer to Note 1(c) for more information regarding prior year restatement.

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

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2015

		Year ended 30 June 2015	Restated * Year ended 30 June 2014
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Receipts in the ordinary course of activities (mostly GST)		402,250	385,652
Payments to suppliers and employees		(3,929,166)	(3,591,172)
Interest received		36,499	22,594
Interest paid		-	(72,548)
<b>Net cash flows used in operating activities</b>	5(i)	<u>(3,490,417)</u>	<u>(3,255,474)</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(64,815)	(102,225)
Payments for exploration expenditure capitalised		(5,000)	(11,352)
Refunds for exploration expenditure capitalised		3,626	-
Payments for bonds		(50,000)	-
<b>Net cash flows used in investing activities</b>		<u>(116,189)</u>	<u>(113,577)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,400,000	6,286,400
Payment of share issue costs		(68,963)	(685,059)
Advances / loans from related parties		-	2,355,000
Repayment of advances / loans from related parties		-	(405,000)
<b>Net cash flows from financing activities</b>		<u>1,331,037</u>	<u>7,551,341</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		(2,275,569)	4,182,290
Add opening cash and cash equivalents brought forward		4,216,717	34,427
<b>Closing cash and cash equivalents carried forward</b>	5	<u><b>1,941,148</b></u>	<u><b>4,216,717</b></u>

\* Refer to Note 1(c) for more information regarding prior year restatement.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

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

Stavely Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report of Stavely Minerals Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 8 September 2015.

**(b) Statement of Compliance**

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

**(c) Adoption of new and revised standards and Change in Accounting 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 2015.

**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 2014 affected any of the amounts recognised in the current year 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 30 June 2015 reporting year. 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 2015)**

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

**Voluntary Change in Accounting Policy - Exploration and evaluation expenditure and recognition of assets**

The report for the year ended 30 June 2015 has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The previous accounting policy was to capitalise and carry forward exploration and evaluation expenditure as an asset when rights to tenure of the area of interest are current and either:

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest; or
- the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated exploration expenditure, which no longer satisfied the above policy, was written off to profit and loss to the extent to which they are considered to be impaired.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The new exploration and evaluation expenditure accounting policy is to charge exploration and evaluation expenditure against profit and loss as incurred; except for acquisition costs and for expenditure incurred after a decision to proceed to development is made, in which case the expenditure will be capitalised as an asset.

The new accounting policy was adopted as at 30 June 2015 and has been applied retrospectively. Management judges that the change in policy will result in the financial report providing more relevant and no less reliable information. Recognition treatment of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Balance Sheet and Profit and Loss. Both the previous and new accounting policies are compliant with AASB 6 Exploration for and Evaluation of Mineral Resources.

The impacts of the accounting policy change are set out below:

The capitalised exploration and evaluation asset previously reported as at 30 June 2014 has decreased by \$1,389,070 (2013: decreased by \$190,116). The Statement of Profit or Loss and Other Comprehensive Income increased the loss for the 2014 year by \$1,198,954 and increased the accumulated losses brought forward at 1 July 2013 by \$190,116.

Basic loss per share has also been restated. This has resulted in an increase in the loss per share by 3.02 cents per share for the year ended 30 June 2014.

Exploration and evaluation expenditure that is expensed is included as part of cash outflows from operating activities, and exploration and evaluation expenditure that is capitalised is included as cash flows from investing activities. This change in accounting policy has resulted in additional cash outflows from operating activities for the year to 30 June 2014 to be increased by \$2,878,378 with a corresponding decrease in cashflows from investing activities.

**(d) Significant accounting estimates and judgments**

***Significant accounting judgments***

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

***Exploration assets***

The Company's accounting policy for exploration expenditure is set out at Note 1(i). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised acquisition expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to profit or loss.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

***Significant accounting estimates and assumptions***

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

***Impairment of assets***

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

***Share-based payment transactions***

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

***Commitments - Exploration***

The Company has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

**(e) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

**(f) Trade and other receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

**(g) Impairment of financial assets**

The Company assesses at each balance sheet date whether a financial asset or Company of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

**(h) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment - 2 to 5 years  
Motor vehicles - 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(i) Exploration and evaluation expenditure**

Exploration expenditure is expensed to the profit or loss statement as and when it is incurred and included as part of cash flows from operating activities. Exploration costs are only capitalised to the balance sheet if they result from an acquisition.

Evaluation expenditure is capitalised to the balance sheet. Evaluation is deemed to be activities undertaken from the beginning of the pre-feasibility study conducted to assess the technical and commercial viability of extracting a mineral resource before moving into the Development phase. The criteria for carrying forward the costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- evaluation activities in the area of interest which has not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

**(j) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(k) Other financial assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss. The fair values of quoted investments are based on last trade prices. If the market for financial assets is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

**(l) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

**(m) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(n) Employee leave benefits**

*(i) Wages, salaries and, annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave and expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Other long-term employee benefit obligations*

The liability for long service leave and annual leave not expected to be settled wholly within 12 months of the reporting date are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities if the Company does not have an unconditional right to defer settlement for at least 12 months of the reporting date, regardless of when actual settlement is expected to occur.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(o) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(p) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**(q) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

**(r) Share-based payment transactions**

*Equity settled transactions:*

The Company provides benefits to executive directors, employees and consultants of the Company in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Stavely Minerals Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the grant date fair value of the award;
- (ii) the extent to which the vesting period has expired; and
- (iii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest taking into account such factors as the likelihood of non-market performance conditions being met.

This opinion is formed based on the best available information at balance date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is forfeited, any expense previously recognised for the award is reversed. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(s) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint operations, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(t) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(u) Borrowing Costs**

Borrowing costs are expensed in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case, borrowing costs are capitalised as part of the cost of such a qualifying asset.

**(v) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(w) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial Statements.

	Year ended 30 June 2015	Restated Year ended 30 June 2014
	\$	\$
<b>NOTE 2 - EXPENSES</b>		
<b>(a) Administration and Corporate Expenses</b>		
Administration and corporate expenses include:		
Depreciation - administration	1,396	699
Operating lease rental expense	123,848	164,177
Other administration and corporate expenses	635,313	388,311
	<u>760,557</u>	<u>553,187</u>
<b>(b) Exploration Costs Expensed</b>		
Exploration costs expensed include:		
Depreciation - exploration	43,925	14,732
Other exploration costs expensed	2,771,238	1,257,810
	<u>2,815,163</u>	<u>1,272,542</u>
<b>(c) Finance Costs</b>		
Interest paid to related parties – refer note 15	-	72,301
Other	-	247
	<u>-</u>	<u>72,548</u>

**NOTE 3 - INCOME TAX EXPENSE**

**(a) Income Tax Expense**

The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

Profit/(loss) for year	(3,497,173)	(2,160,087)
Prima facie income tax (benefit) @ 30%	(1,049,152)	(648,026)
Tax effect of non-deductible items	-	97,321
Net deferred tax assets not brought to account	1,049,152	550,705
Income tax attributable to operating loss	<u>-</u>	<u>-</u>

**(b) Net deferred tax assets not recognised relate to the following:**

DTA - Tax losses	2,629,834	1,538,219
DTL - Other Timing Differences	(879,960)	(894,226)
	<u>1,749,874</u>	<u>643,993</u>

These deferred tax assets have not been brought to account as it is not probable that tax profits will be available against which deductible temporary differences can be utilised.

**(c) Franking Credits**

The franking account balance at year end was \$nil (2014: \$nil).



	Year ended 30 June 2015	Restated Year ended 30 June 2014
<b>NOTE 4 - EARNINGS PER SHARE</b>		
	<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	(4.33)	(5.45)
	<b>\$</b>	<b>\$</b>
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	(3,497,173)	(2,160,087)
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	80,761,349	39,663,978

For the year ended 30 June 2015, diluted earnings per share was 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.

**NOTE 5 - CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	1,941,148	4,216,717
<b>(i) Reconciliation of loss for the period to net cash flows used in operating activities</b>		
Profit/(loss) after income tax	(3,497,173)	(2,160,087)
Non-Cash Items:		
Depreciation	45,321	15,431
Share-based payments expensed - options	-	284,404
Exploration – non-cash*	239,658	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	88,910	170,444
Increase/(decrease) in payables	(393,794)	(1,570,308)
Increase/(decrease) in provisions	26,661	4,642
Net cash flows used in operating activities	(3,490,417)	(3,255,474)

\* 1,078,206 ordinary shares (\$239,658) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd. Refer to note 11.

**(ii) Non-Cash Financing and Investing Activities**

The following non-cash financing and investing activities were undertaken:

2014 - In April 2014, the Company issued 15,000,000 shares in satisfaction of the repayment of \$2,000,000 loan facility from Chaka Investments Pty Ltd, a company of which Mr Peter Ironside (Stavely Director) is the sole director and Mr Ironside's wife is shareholder. Refer to note 15.

	30 June 2015 \$	30 June 2014 \$
<b>NOTE 6 – TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
GST refundable	59,690	149,537
Bonds – credit card	40,000	-
Other	2,258	1,320
Total current receivables	101,948	150,857
<b>Non-Current</b>		
Cash on deposit - security bonds	40,000	30,000

*Fair Value and Risk Exposures:*

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Details regarding interest rate risk exposure are disclosed in note 18.
- (iv) Other current receivables generally have repayments between 30 and 90 days.

Receivables do not contain past due or impaired assets as at 30 June 2015 (2014: none).

**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT**

Motor vehicles- at cost	28,273	28,273
Less: Accumulated depreciation	(12,723)	(4,241)
	15,550	24,032
Plant and equipment - at cost	134,294	74,599
Less: Accumulated depreciation	(48,030)	(11,190)
	86,264	63,409
Total property, plant and equipment	101,814	87,441

*Reconciliation of property, plant and equipment:*

**Motor Vehicles**

Carrying amount at beginning of year	24,032	-
Additions	-	28,273
Depreciation	(8,482)	(4,241)
Carrying amount at end of year	15,550	24,032

**Plant and Equipment**

Carrying amount at beginning of year	63,409	647
Additions	59,694	73,952
Depreciation	(36,839)	(11,190)
Carrying amount at end of year	86,264	63,409

	30 June 2015 \$	Restated 30 June 2014 \$
<b>NOTE 8 - DEFERRED EXPLORATION EXPENDITURE</b>		
Deferred exploration acquisition costs brought forward	2,980,752	2,969,400
Capitalised expenditure incurred during the year, net	1,374	11,352
Deferred exploration costs carried forward	<u>2,982,126</u>	<u>2,980,752</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.

	30 June 2015 \$	30 June 2014 \$
<b>NOTE 9 – TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	232,779	483,118
Accruals	32,318	64,971
	<u>265,097</u>	<u>548,089</u>

Fair Value and Risk Exposures

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured and usually paid within 60 days of recognition.

**NOTE 10 – PROVISIONS**

<b>Current</b>		
Employee entitlements	<u>31,303</u>	<u>4,642</u>

		30 June 2015 \$	30 June 2014 \$
<b>NOTE 11 – ISSUED CAPITAL</b>			
<b>(a) Issued Capital</b>			
87,110,206 (2014: 80,432,000) ordinary shares fully paid		10,556,136	9,101,363
<b>(b) Movements in Ordinary Share Capital</b>			
Number of Shares	Summary of Movements		\$
29,000,000	Opening balance at 1 July 2013		1,500,022
2,000,000	Issue of shares on 31 July 2013		200,000
4,000,000	Share split on 13 March 2014		-
15,000,000	Issue of shares on conversion of loans – refer note 15(b)		2,000,000
30,432,000	Initial public offering		6,086,400
-	Costs of placement - cash		(685,059)
80,432,000	Closing Balance at 30 June 2014		9,101,363
80,432,000	Opening balance at 1 July 2014		9,101,363
169,194	Issue of shares – Share Subscription Agreement 5 Dec 2014		56,172
176,528	Issue of shares – Share Subscription Agreement 18 Dec 2014		42,190
472,891	Issue of shares – Share Subscription Agreement 21 April 2015		89,377
259,593	Issue of shares – Share Subscription Agreement 18 May 2015		51,919
5,600,000	Issue of shares – Placement 30 June 2015		1,400,000
	Costs of equity issues		(184,885)
87,110,206	Closing Balance at 30 June 2015		10,556,136

*Placement*

On 30 June 2015, Stavely issued 5.6 million fully-paid ordinary shares at 25c a share and 2.8 million free attaching options (to be issued on a one-for-two basis) with an exercise price of 30 cents and expiry date of 30 June 2016 under a share placement to sophisticated and institutional investors. Gross proceeds were \$1.4 million.

*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 cash payment and by way of offset of the price of subscription application for shares.

During the year ended 30 June 2015, 1,078,206 ordinary shares (\$239,658) 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. As at 30 June 2015, cumulative subscriptions totalled \$239,658.

**NOTE 11 – ISSUED CAPITAL - continued**

**(c) Options on issue at 30 June 2015**

	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Unlisted Options	14,400,000	27 cents	31 December 2017
Listed Options	<u>2,800,000</u>	30 cents	30 June 2016
	<u>17,200,000</u>		

During the year:

- (i) 2,800,000 listed options were granted under the placement on 30 June 2015;
- (ii) No unlisted options were granted to shareholders (2014: 12,000,000);
- (iii) No unlisted options were granted as share-based payments (2014: 2,400,000);
- (iv) No unlisted options expired (2014: nil); and
- (v) No unlisted options were exercised (2014: nil).

**(d) Terms and conditions of issued capital**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any proceeds of liquidations.

**(e) Capital management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintains optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next year.

**NOTE 12 - RESERVES**

	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Equity-based payments reserve	<u>284,404</u>	<u>284,404</u>
<b>Equity-based payments reserve</b>		
Balance at the beginning of the year	284,404	-
Equity-based payments expense	-	284,404
Balance at the end of the year	<u>284,404</u>	<u>284,404</u>

*Nature and purpose of the reserve:*

The Equity-based payments reserve is used to recognise the fair value of options issued but not exercised.

## NOTE 13 – EQUITY-BASED PAYMENTS

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

	30 June 2015	30 June 2014
	\$	\$
Expensed in the profit and loss:		
Equity-based payments- options	-	284,404

### (b) Summary of equity-based payments granted during the year:

Year ended 30 June 2015: None.

Year ended 30 June 2014:

Granted to key management personnel and a consultant as equity compensation:

- 2,400,000 options expiring 31 December 2017, exercisable at 27 cents each.

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	28/4/2014
Option exercise price (\$)	0.27
Expected life of options (years)	3.68
Dividend yield (%)	-
Expected volatility (%)	97
Risk-free interest rate (%)	2.47
Underlying share price (\$)	0.20
Value of Option (\$)	0.1185

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.

### (c) Weighted average fair value

The weighted average fair value of equity-based payment options granted during the year was nil (2014: \$0.1185).

### (d) Range of exercise price

The range of exercise price for options granted as share based payments outstanding at the end of the year was \$0.27 (2014: \$0.27).

### (e) Weighted average remaining contractual life

The weighted average remaining contractual life of share based payment options that were outstanding as at the end of the year was 2.5 years (2014: 3.5 years).



**NOTE 13 – EQUITY-BASED PAYMENTS - continued**

**(f) Weighted average exercise price**

The following table shows the number and weighted average exercise price ("WAEP") of share options granted as share based payments.

	<b>12 Months to 30 June 2015 Number</b>	<b>12 Months to 30 June 2015 WAEP \$</b>	<b>12 Months to 30 June 2014 Number</b>	<b>12 Months to 30 June 2014 WAEP \$</b>
Outstanding at the beginning of year	2,400,000	0.27	-	-
Granted during the year	-	-	2,400,000	0.27
Exercised during the year	-	-	-	-
Outstanding at the end of the year	<u>2,400,000</u>	<u>0.27</u>	<u>2,400,000</u>	<u>0.27</u>
Exercisable at year end	1,000,000	0.27	1,000,000	0.27

The weighted average share price for options exercised during the year was nil (2014: nil).

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

	<b>30 June 2015 \$</b>	<b>30 June 2014 \$</b>
<b>(a) Operating leases (non-cancellable):</b>		
Within one year	125,376	26,998
More than one year but not later than five years	<u>103,820</u>	<u>4,695</u>
	<u>229,196</u>	<u>31,693</u>

These non-cancellable operating leases are primarily for office premises, residential premises at site and a ground lease.

**(b) Exploration Commitments**

**Tenement Expenditure Commitments:**

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2015/2016. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations.

	<u>375,400</u>	<u>375,300</u>
--	----------------	----------------

**(c) Contingencies**

The Company is party to a Deed of Option and Royalty relating to the Stavely tenement EL 4556. The Company had no other contingent liabilities at year end (2014: same).

**NOTE 15 – RELATED PARTIES**

**(a) Compensation of Key Management Personnel**

	<b>30 June 2015 \$</b>	<b>30 June 2014 \$</b>
Short-term employment benefits	465,051	160,914
Post-employment benefits	40,013	6,627
Equity-based payment	<u>-</u>	<u>254,776</u>
	<u>505,064</u>	<u>422,317</u>

**NOTE 15 – RELATED PARTIES - continued**

**(b) Other transactions and balances with Key Management Personnel**

**Loans from Key Management Personnel**

	30 June 2015	30 June 2014
	\$	\$
Balance at beginning of the year	-	-
Loans advanced	-	2,050,000
Loans repaid by equity	-	(2,000,000)
Loans repaid by cash	-	(50,000)
Interest charged	-	72,301
Interest paid	-	(72,301)
	<hr/>	<hr/>
Balance at end of the year	-	-

In 2013, the Company entered into a loan facility with Chaka Investments Pty Ltd, a company associated with director Mr Peter Ironside. The facility was for an amount of \$2,500,000 with interest at 7%. Interest and the principal were to be repaid by 30 June 2014. During the year, drawdowns of \$2,050,000 were made. In April 2014, the Company issued 15,000,000 shares in satisfaction of the repayment of \$2,000,000 loan facility from Chaka Investments Pty Ltd, a company of which Mr Peter Ironside (Stavely Director) is the sole director and Mr Ironside's wife is shareholder. The remaining \$50,000 was repaid in cash on 14 May 2014. Interest paid on these loans of \$72,301 was paid on 30 June 2014.

**Cash Advances from Key Management Personnel**

Balance at beginning of the year	-	50,000
Loans advanced	-	305,000
Loans repaid by cash	-	(355,000)
Interest charged	-	-
	<hr/>	<hr/>
Balance at end of the year	-	-

In 2014, cash advances were made by Mr Christopher Cairns to Stavely totalling \$50,000. These advances were repaid by the Company on 14 May 2014. Ironside Pty Ltd, a company of which Mr Peter Ironside is a director and shareholder, made advances totalling \$255,000 during the year to the Company. The Company repaid these advances during the year.

**Other Transactions with Key Management Personnel**

Mr Peter Ironside, Director, is a shareholder and director of Ironside Pty Ltd. Ironside Pty Ltd is a shareholder of the 168 Stirling Highway Syndicate, the entity which owns the premises the Company occupies in Western Australia. During the year an amount of \$123,164 (net of GST) was paid for office rental and variable outgoings (2014: an amount of \$200,162 (net of GST) was paid/payable to Ironside Pty Ltd for reimbursement of office rental, server costs and other expenses).

Mr Peter Ironside, Director, is also a shareholder and non-executive director of Zamanco Minerals Limited ("Zamanco"). Zamanco sub-leases office space in the premises the Company occupies. During the year an amount of \$39,048 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2014: Nil).

**(c) Transactions with Other Related Parties**

There were no transactions with other related parties (2014: none).

	30 June 2015 \$	30 June 2014 \$
<b>NOTE 16 - AUDITORS' REMUNERATION</b>		
Amount received or due and receivable by the auditor for:		
Auditing the financial statements, including audit review - current year audits	45,969	15,855
Other services – taxation and corporate advisory	4,915	18,956
Total remuneration of auditors	50,884	34,811

**NOTE 17 – 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 Company does not have any material operating segments with discrete financial information. The Company does not have any customers and all its' assets and liabilities are primarily related to the mining industry and are located within Victoria. 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 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial instrument comprises cash. The main purpose of this financial instrument is to provide working capital for the Company's operations.

The Company has various other financial instruments such as sundry debtors, security bonds and trade creditors, which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Company's financial instruments is interest rate risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

**Interest rate risk**

At balance date the Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash and bonds. The Company constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At balance date, the Company had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	30 June 2015 \$	30 June 2014 \$
<i>Financial Assets:</i>		
Cash and cash equivalents - interest bearing	478,927	4,203,309
Trade and other receivables - bonds	40,000	30,000
Net exposure	518,927	4,233,309

**Sensitivity**

At 30 June 2015, if interest rates had increased by 0.5% from the year end variable rates with all other variables held constant, post tax profit and equity for the Company would have been \$2,795 higher (2014: changes of 0.5% \$21,166 higher). The 0.5% (2014: 0.5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical RBA movements over the last year.

**NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**

**Liquidity risk**

The Company has no significant exposure to liquidity risk as there is effectively no debt. The Company manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

**Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of AA (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Company does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

**Fair value**

Disclosure of fair value measurements by level are as follows:

- Level 1 – the fair value is calculated using quoted prices in active markets
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

The Company has no assets or liabilities measured at fair value.

**NOTE 19 – SUBSEQUENT EVENTS**

On 20 July 2015, Stavely issued 6,332,726 new shares at an issue price of \$0.25 per share together with 3,166,373 free attaching options under an Entitlements Issue. The options have an exercise price of \$0.30 each and expire 30 June 2016. Gross proceeds raised totalled \$1,583,181.

On 25 August 2015, Stavely issued 3,000,000 unlisted options to employees/consultants of the Company. These options were granted to recognise the excellent performance of Stavely's employees/consultants and provide a retention incentive. The unlisted options are exercisable at 27 cents and expire on 1 December 2016. 1,000,000 of these options were issued to Ms Amanda Sparks. Ms Sparks is considered key management personal. The assessed fair value of these options for Ms Sparks is \$74,115 which has been 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.

There are no other matters or circumstances that have arisen since 30 June 2015 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.



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## INDEPENDENT AUDITOR'S REPORT

To the members of Stavely Minerals Limited

### Report on the Financial Report

We have audited the accompanying financial report of Stavely Minerals Limited, which comprises the balance sheet as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, 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 report.

**Opinion**

In our opinion:

- (a) the financial report of Stavely Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion, the Remuneration Report of Stavely Minerals Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

**Glyn O'Brien**

**Director**

Perth, 9 September 2015



Information as at 27 August 2015

**a) Substantial Shareholders (who have lodged notices with Stavely Minerals Limited)**

Name	Number of Ordinary Shares	Percentage of Issued Capital
Peter Reynold Ironside	30,157,419	32.24%
Christopher John Cairns	15,007,419	16.05%

**b) Shareholder Distribution Schedule**

Size of Holding	Number of Shareholders	Number of Listed Optionholders
1 - 1,000	19	99
1,001 - 5,000	97	83
5,001 - 10,000	137	31
10,001 - 100,000	312	88
100,001 and over	90	13
Total	655	314
Number of shareholders holding less than a marketable parcel	57	

**c) Voting Rights**

- (i) at meetings of members entitled to vote each member may vote in person or by proxy or attorney, or in the case of a member which is a body corporate, by representative duly appointed under section 250D;
- (ii) on a show of hands every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote;
- (iii) on a poll every member entitled to vote and present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is the holder and in the case of contributing shares until fully paid shall have voting rights pro rata to the amount paid up or credited as paid up on each such share; and
- (iv) a member shall not be entitled to vote at general meeting or be reckoned in a quorum in respect of any shares upon which any call or other sum presently payable by him is unpaid.

**d) Restricted Securities**

31,499,903 Fully Paid ordinary shares  
13,400,000 Unlisted options

Escrowed for 24 months from date of listing (7 May 2014 to 7 May 2016).

**e) Twenty largest shareholders:**

	Name	Number of Ordinary Shares	% of Issued Capital
1	Ironside Pty Ltd <Ironside Super Fund A/C>	14,677,419	15.69
2	Ironside Pty Ltd <Ironside Family A/C>	10,000,000	10.69
3	Goldwork Asset Pty Ltd <The Cairns Family A/C>	9,759,032	10.43
4	Chaka Investments Pty Ltd	5,480,000	5.86
5	Goldwork Asset Pty Ltd <Cairns Family S/F A/C>	5,238,387	5.60
6	Citicorp Nominees Pty Limited	3,890,510	4.16
7	Jennifer Elaine Murphy	3,427,097	3.66
8	Dr Anthony Cairns	2,600,000	2.78
9	Michelle Maria Skinner	2,358,065	2.52
10	DK & SJ Pty Ltd <The DK & SK Investment A/C>	1,250,000	1.34
11	Trading Pursuits Group	1,250,000	1.34
12	JC Holdings Pty Ltd	1,250,000	1.34
13	Mick Ashton Nominees Pty Ltd <Ashton Family A/C>	1,250,000	1.34
14	Sanluri Pty Ltd <Ricciardi Family A/C>	1,233,000	1.32
15	Mr Harle John Mossman	1,225,000	1.31
16	Greenstone Property Pty Ltd <Titeline Property A/C>	1,078,206	1.15
17	Chertor Pty Ltd <The Brown Family S/F A/C>	610,000	0.65
18	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	603,977	0.65
19	Mr John O'Connor <The O'Connor A/C>	560,000	0.60
20	DDH 1 Drilling Pty Ltd	500,000	0.53
		<b>68,240,693</b>	<b>72.96</b>
	Shares on issue at 27 August 2015	<b>93,528,707</b>	

**f) Twenty largest listed optionholders:**

	Name	Number of Listed Options	% of Listed Options
1	Chaka Investments Pty Ltd	240,000	4.02
2	Mr Harle John Mossman	237,500	3.98
3	S D'Arcy Pty Ltd <Darcy Superfund A/C>	203,672	3.41
4	Carmant Pty Ltd <Carmant Super Fund A/C>	200,000	3.35
5	Contango Nominees Pty Limited	200,000	3.35
6	Mr Jamie Pherous <Black Duck Holdings A/C>	200,000	3.35
7	UBS Wealth Management Australia Nominees Pty Ltd	180,000	3.02
8	Colvic Pty Ltd	160,000	2.68
9	Buckingham Investment Financial Services Pty Ltd <The Campbell S/F A/C>	150,000	2.51
10	Lotus Research Pty Ltd	145,000	2.43
11	Citicorp Nominees Pty Limited	135,253	2.27
12	Mr Robert Ian Charles	130,000	2.18
13	JG Group Holdings Pty Ltd <Paradigm Super Fund A/C>	121,000	2.03

14	Mr Stewart Arthur Beavis	100,000	1.68
15	Mr Oliver Burke + Ms Holly Burke + Ms Judyanne Donnellan <Super Hans Super Fund A/C>	100,000	1.68
16	K R Don Pty Ltd	100,000	1.68
17	X F Holdings Pty Ltd	93,500	1.57
18	Mr John Charles Holmes Clark + Mrs Rebecca Katrina Clark	90,000	1.51
19	Wolseley Road #1 Pty Limited <Adsaleum Family A/C>	82,500	1.38
20	Goldwork Asset Pty Ltd <The Cairns Family A/C>	80,000	1.34
		<b>2,948,425</b>	<b>49.42</b>
Listed options on issue at 27 August 2015		<b>5,966,298</b>	

**g) Unlisted Options**


<b>Name</b>	<b>01/12/2016 27 cents</b>	<b>31/12/2017 27 cents</b>
<i>Directors:</i>		
W Plyley	-	1,000,000
C Cairns	-	5,032,258
J Murphy	-	1,561,290
P Ironside	-	5,032,258
<i>Others:</i>		
H Forgan	1,000,000	-
M Skinner	500,000	774,194
A Sparks	1,000,000	750,000
Q Te Tai	500,000	250,000
	<u>3,000,000</u>	<u>14,400,000</u>

**h) Use of Funds**

The Company confirms that the use of cash from date of ASX admission has been used in a way consistent with the business objectives as stated in its Initial Public Offering Prospectus dated 17 March 2014.

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km <sup>2</sup> )
Mt Ararat	EL 3019	21 December 1989	42
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Stavely	EL 5478	26 July 2013	132
Mortlake	EL 5470	17 June 2013	110
Mt Ararat	EL 5486	10 July 2014	2
Mt Ararat	ELA 5487	(21 June 2013)	5
Ararat	RLA 2020	(12 June 2014)	28
Stavely	RLA 2017	(20 May 2014)	139
Ararat	EL 5403	25 January 2012	68
Ararat	EL 5450	21 February 2013	4





**STAVELY MINERALS LIMITED**

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