



ASX Code: SVY

Issued Shares: 95.1M

Cash Balance: \$2.16M

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HIGHLIGHTS

Exploration

- A significant new porphyry drill target has been identified at the Toora West prospect, within the Yarram Park Project with an IP chargeability anomaly which is coincident with a magnetic annulus / central peak and gravity low.
- At the Thursday's Gossan porphyry prospect, IP geophysical surveys have completed coverage in the northern prospect area and drill targets have been finalised for testing.
- RC and diamond drilling of the main IP chargeability anomalies generated at the Mt Ararat Footwall, Carroll's and Forgan's Find base metal prospects and the Cathcart Hill gold prospect was completed during the Quarter with assay results pending.

Corporate

- \$2.16M cash on hand as at 31st December 2015.
- \$1.54M available pursuant to the Share Subscription Agreement with drilling contractor, Titeline Drilling Pty Ltd.

OVERVIEW

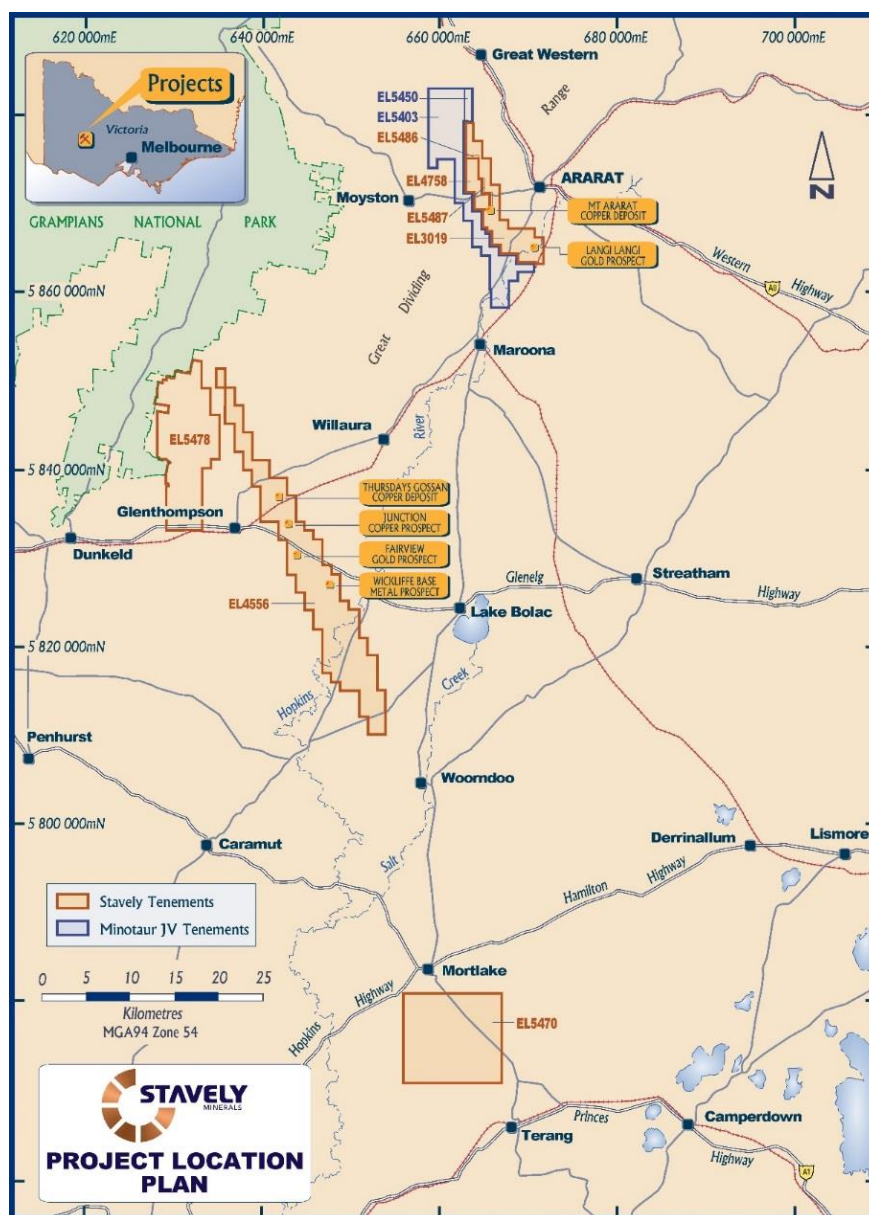


Figure 1. Project Location Plan.

During the Quarter, drilling of the main chargeability anomalies generated by the IP Survey conducted during the previous quarter was completed.

Drilling was conducted by Titeline Drilling Pty Ltd at the Mt Ararat Footwall, Carroll's and Forgan's Find base metal prospects using a track mounted diamond rig. RC drilling with diamond tails was conducted at the Cathcart Hill gold prospect. The drill programme comprised 3 diamond holes for 1056m, 3 RC holes for 384m and 2 diamond tails for 424m.

A diamond drill hole was drilled to test the large and very strong IP chargeability anomaly that has been identified in the footwall to the Mt Ararat VMS deposit. Drill testing of the coincident zinc-copper soil geochemistry anomaly and IP chargeability anomaly at the Carroll's base metal prospect and the mineralised gossan at the Forgan's Find base metal prospect was completed.

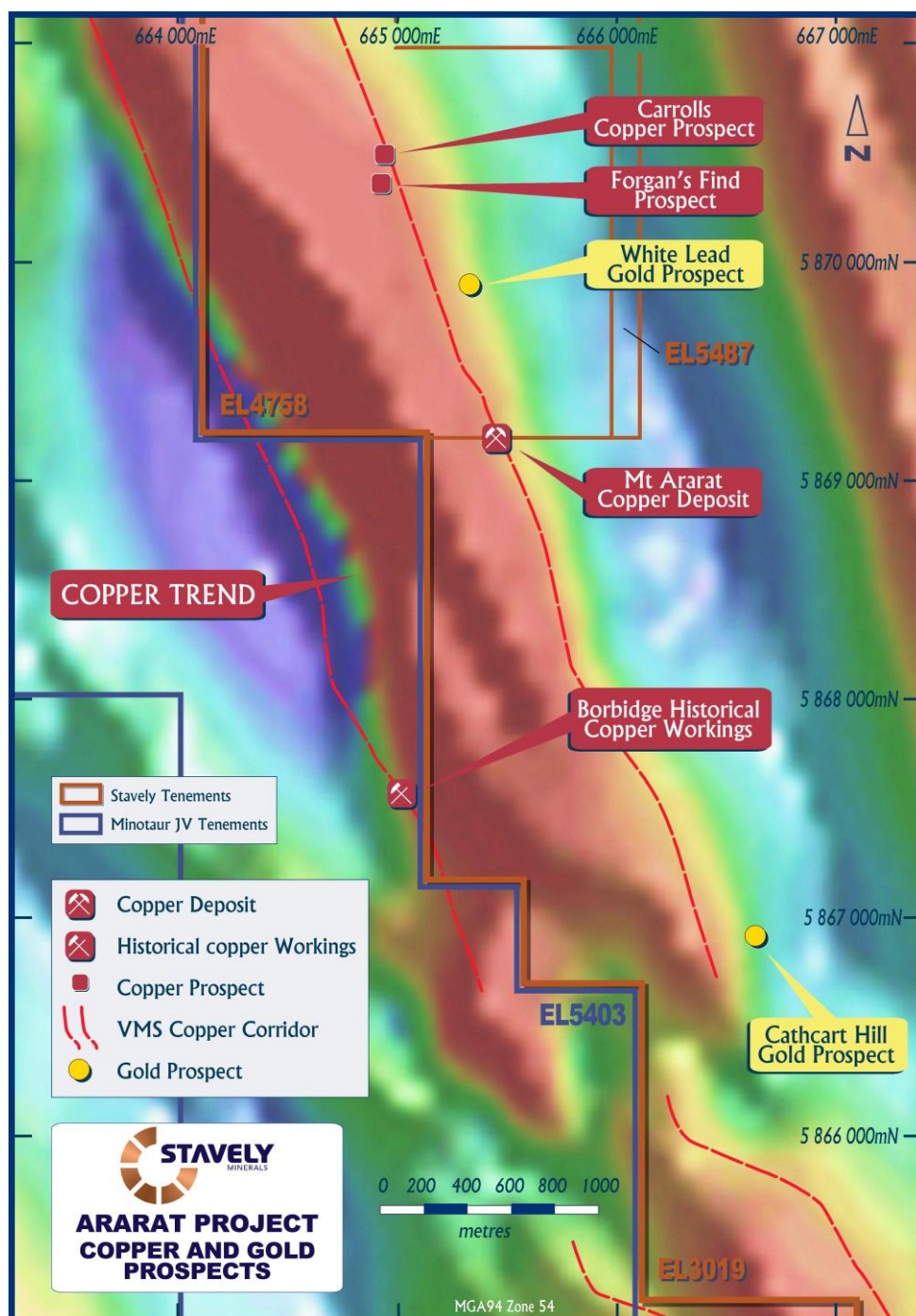


Figure 2. Ararat Project prospect location plan overlaid on a reduced to pole aeromagnetic image.

RC drilling (with diamond tails) was conducted at the Cathcart Hill gold prospect where a large IP chargeability anomaly has been identified. The two chargeability features dipping shallowly to the east have an orientation consistent with observed dips in previously drilled gold mineralised structures at the White Lead gold prospect located to the north of these anomalies. The White Lead drilling returned intercepts including 2m at 6.43 g/t gold including 1m at 11.3 g/t gold. The drilling at Cathcart Hill was used to test these two chargeability features to ascertain if the anomalies are related to sulphide mineralisation.

The drill programme was only completed at the end of the Quarter and logging and sampling of the drill holes is currently in progress. All the holes have been cased and down hole EM will be undertaken to determine if there is a strong off-hole conductor.

An orientation soil survey over the Mt Ararat and Carroll's base metal prospects was conducted during the Quarter. The purpose of the survey was to determine the optimal sample spacing for the regional soil geochemical programme which will be completed throughout the VMS prospective horizon at the Ararat Project. The assays were pending at the end of the Quarter.

At the Stavely Project, a soil sampling geochemical programme has commenced at the Mount Stavely prospect. The Mount Stavely porphyry target comprises a coincident gravity and magnetic low with an IP chargeability feature on the northeast flank. It is anticipated that the soil geochemistry will add support to the target and assist with drill hole planning.

At the Yarram Park Project, a significant new porphyry drill target was identified at the Toora West prospect from the IP survey conducted during the September Quarter. Drilling of this high priority target to test the coincident magnetic high, gravity low and IP chargeability anomaly is planned for the second quarter 2016.

EXPLORATION

Ararat Project (EL4758, EL3019 & EL5486)

Mount Ararat VMS Deposit

During the Quarter a diamond hole (SADD004) was drilled to a depth of 375m to test a large and very strong IP (120mV/V) chargeability anomaly in Line 156300mN that was identified in the footwall to the Mt Ararat VMS deposit during the previous quarter. (Figure 4).

The known deposit is associated with a much smaller IP chargeability anomaly compared with the footwall anomaly. The footwall chargeability feature was modelled to extend from 150m below surface to more than 400m below surface. Previous drilling has not tested this position.

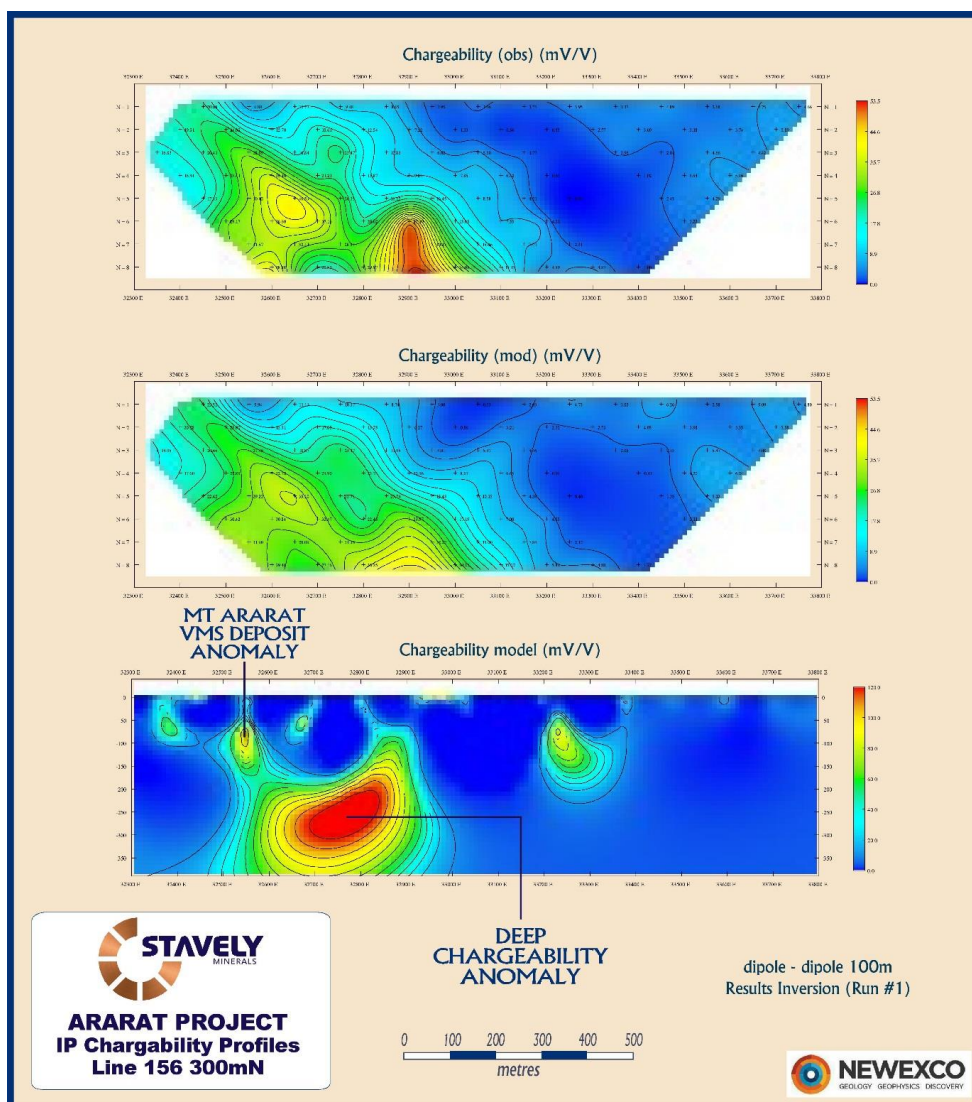


Figure 4. IP chargeability section for Line 156300mN.

Carroll's Base Metal Prospect

One diamond hole (SADD005) was drilled to a depth of 321m in November to test a strong IP chargeability anomaly in Line 157700mN (Figure 5) that was generated at the Carroll's VMS prospect. The soil geochemical programme conducted earlier in 2015 identified a 1.5km long x 500m wide zinc-copper anomaly over an area including the Carroll's and Forgan's Find prospects. At Carroll's a surface float sample returned a value of up to 24% copper, 1.1% zinc and 0.52 g/t gold. The geochemical anomaly is supported by the strong IP chargeability feature which has been modelled from approximately 100m depth to 250m depth. The preferred position for the proposed drill collar was not possible due to the topography as it was located on the steep slope just off the top of the ridge line. The hole position was adjusted to the top of the ridge, with the dip and azimuth adjusted to account for the topography and maximise success in testing the IP target.

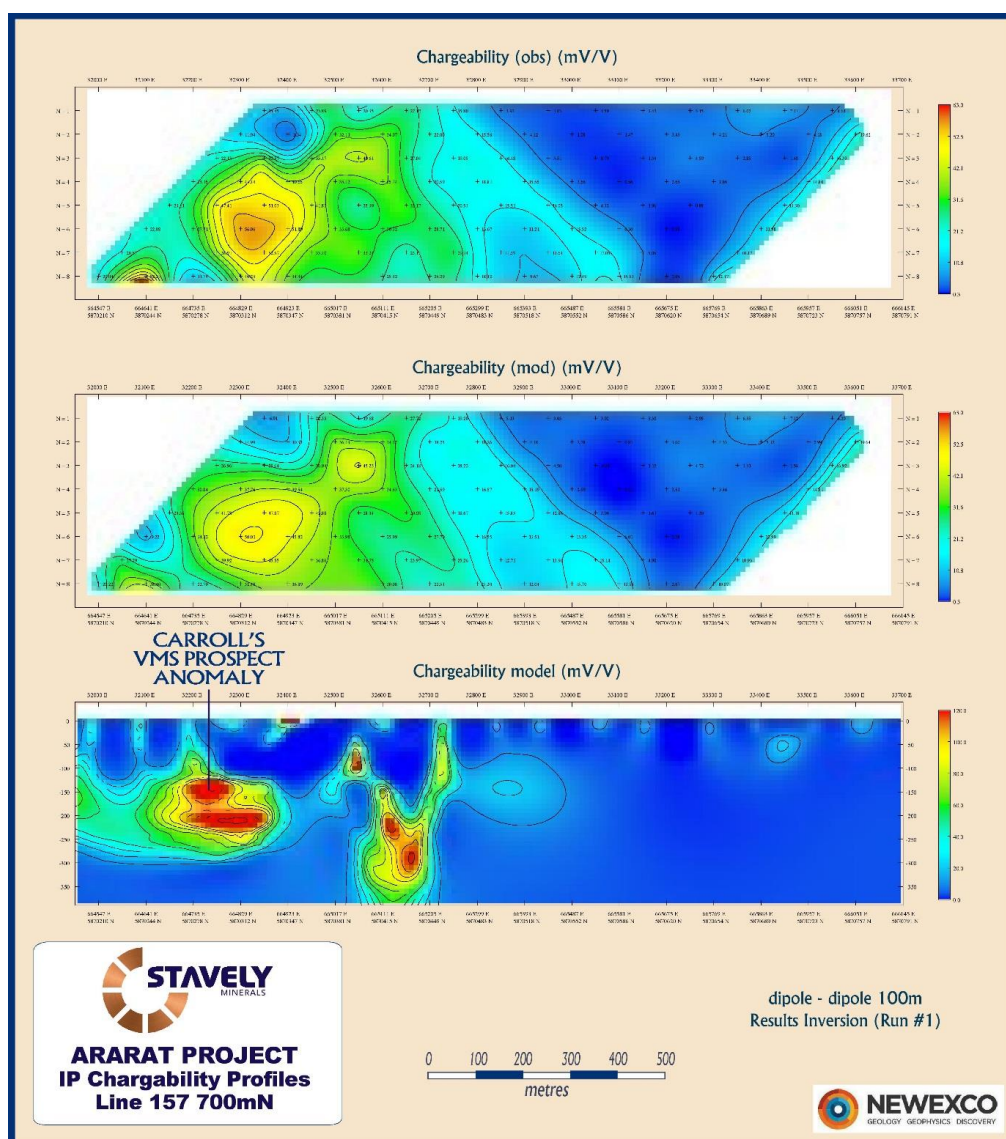


Figure 5. IP chargeability section for Line 157700mN.



Photo 1. Track mounted diamond rig at Carroll's base metal prospect.

Forgan's Find Base Metal Prospect

One diamond hole (SADD007) was drilled to a depth of 359.9m in November to test gossanous mineralisation identified at surface at the Forgan's Find prospect. The soil geochemical programme conducted in early 2015 identified a 1.5km long x 500m wide zinc-copper anomaly over an area including the Carroll's and Forgan's Find prospects. At Forgan's Find an in-situ gossanous rock chip returned assays of 10% copper, 0.4% zinc and 1.5 g/t gold. The geochemical anomaly is supported by the strong IP chargeability feature which has been modelled from approximately 100m depth to 250m depth. The preferred position for the proposed drill collar was not possible due to the topography as it was located on the steep slope just off the top of the ridge line. The hole position was adjusted to the spur on the downslope of the ridge, with the dip and azimuth adjusted to account for the topography and maximise success in testing the projected extension of the mineralised gossanous horizon.

Cathcart Hill Gold Prospect

Three RC holes were planned at the Cathcart Hill prospect to test IP chargeability features in the vicinity of a soil geochemistry anomaly. These chargeability anomalies have a tabular geometry and dip against the stratigraphy and hence were considered to be significant with respect to potential gold mineralisation. The Cathcart Hill gold prospect was identified by the 2015 reconnaissance soil geochemistry programme and float rock-chip sampling. A 800m long arsenic-chrome geochemical anomaly associated with iron-rich pseudo gossan with laboratory assay results of up to 0.45% arsenic and 0.8 g/t gold was identified at Cathcart Hill.

RC hole (SARC016) was drilled to a depth of 200m into the tabular chargeability anomaly on the western side of Line 154500mN (Figure 6). Two of the RC holes (SARC014D and SARC015D) encountered excessive water and therefore a decision was made to continue with the diamond drill rig.

Hole SARC014D with a RC pre-collar and diamond tail was drilled to a depth of 305.7m into the chargeability anomaly in the centre of Line 154500mN (Figure 6). Hole SARC015D with a RC pre-collar and diamond tail was drilled to a depth of 302.6 m into the tabular chargeability anomaly on Line 155100mN (Figure 7).



Photo 2. RC drill rig at Cathcart Hill Gold Prospect.

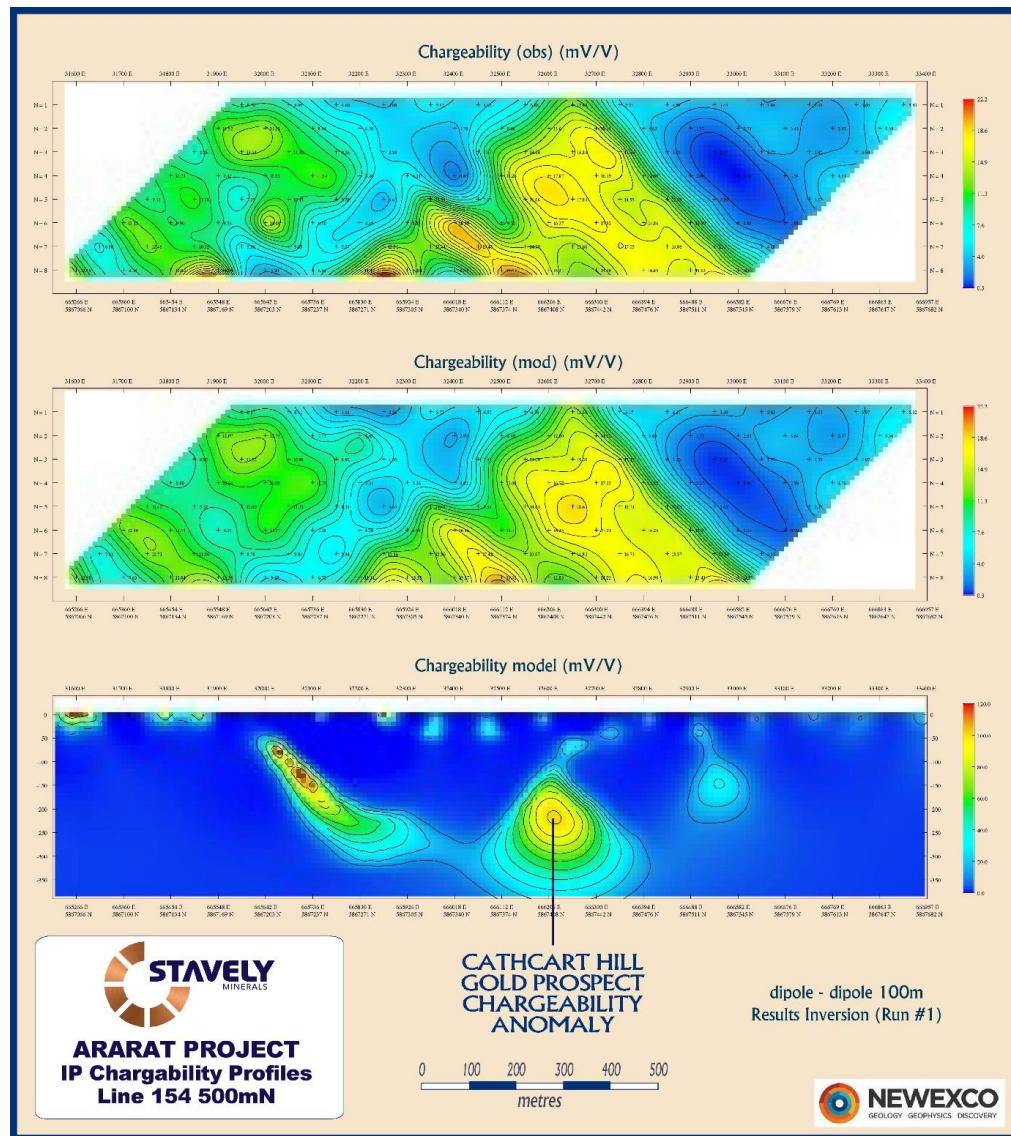


Figure 6. IP chargeability section for Line 154500mN.

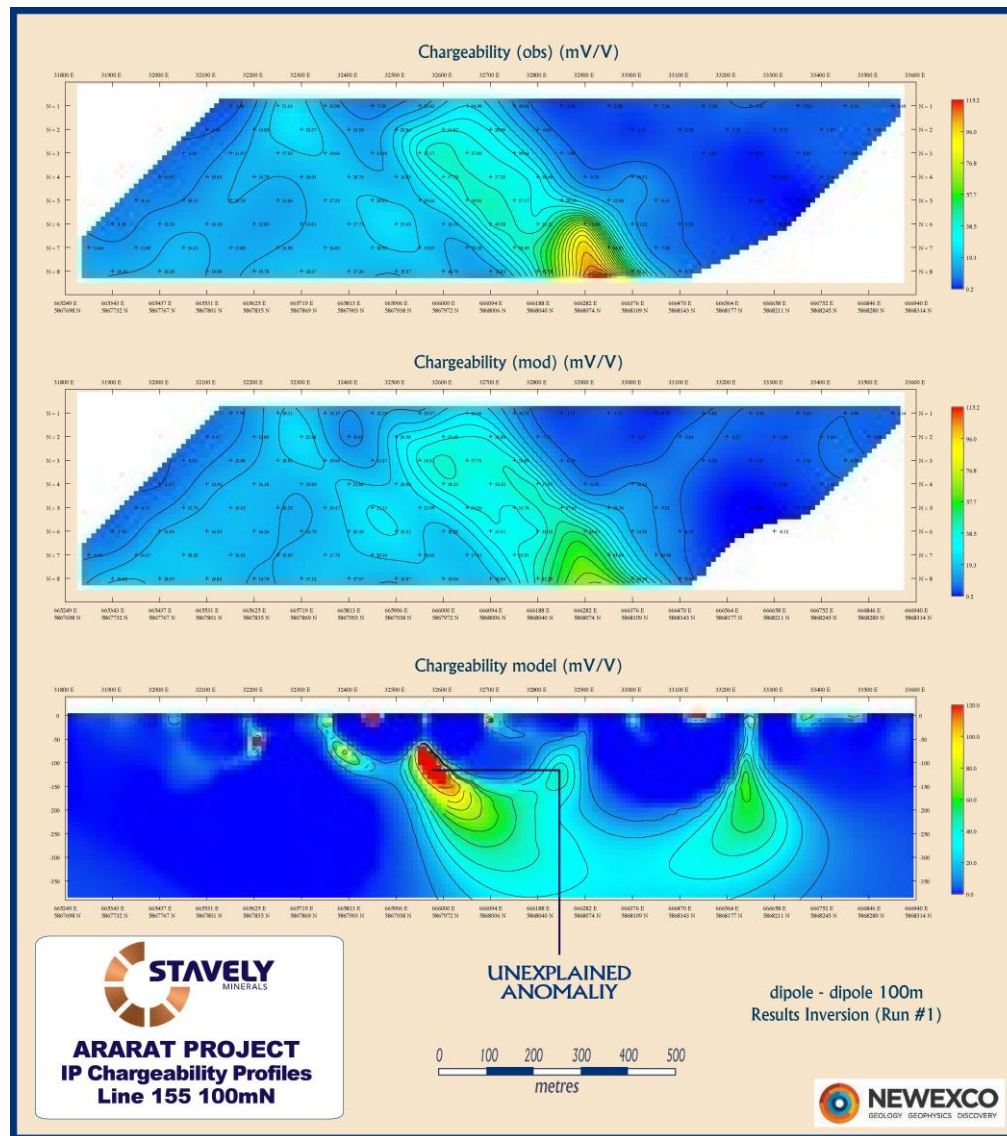


Figure 7. IP chargeability section for Line 155100mN.

Stavely Project (EL4556)

Thursday's Gossan Prospect

Processing of IP geophysical data collected in the previous quarter was completed and drill targets have been finalised for testing. This additional data collection in the northern end of the prospect was intended to better resolve targets beneath the low-angle structural offset identified in drilling by Stavely Minerals. The areas to the north and east of Stavely Minerals' drilling is considered to have the greatest potential for discovery of copper-gold mineralisation associated with resurgent porphyry intrusion. Indications include sulphur isotope values, white mica spectral absorption features and the close spatial relationship with the best copper plus gold values in drilling including:

- 32 metres at 0.8% copper and 0.4 g/t gold from 22 metres in diamond drill hole VSTD001
- 21 metres at 0.4% copper and 0.2 g/t gold from 18 metres in aircore drill hole STARVA077
- 7.7 metres at 4.14% copper and 1.08 g/t gold from 94.7 metres in diamond drill hole SNDD001; and
- 9.5 metres at 2.93% copper and 0.44g/t gold from 154.6 metres in diamond drill hole SNDD001.

Mount Stavely Prospect

A soil sampling geochemical survey was underway at the end of the Quarter at the Mount Stavely prospect. The Mount Stavely porphyry target is reflected as a 'low' in gravity data and as a 'low' in the airborne magnetic data which is interpreted to reflect magnetite destructive hydrothermal fluid alteration. A porphyry is inferred to exist at depth and is in proximity to marginal gold mineralisation at the Fairview gold prospect, which itself is interpreted to be a low-sulphidation epithermal style mineralisation (Figure 8). An IP survey, conducted in 2014 in the Mount Stavely area returned a chargeability feature which was slightly offset from the gravity low.

The soil samples are being collected for primary analysis using a Niton® portable XRF analyser with check analysis through ALS Laboratories Brisbane. While the Niton® XRF unit cannot be used reliably for analysis of gold in an exploration context unless in extremely high abundances, it has proven very effective for analysis of 'indicator' elements.

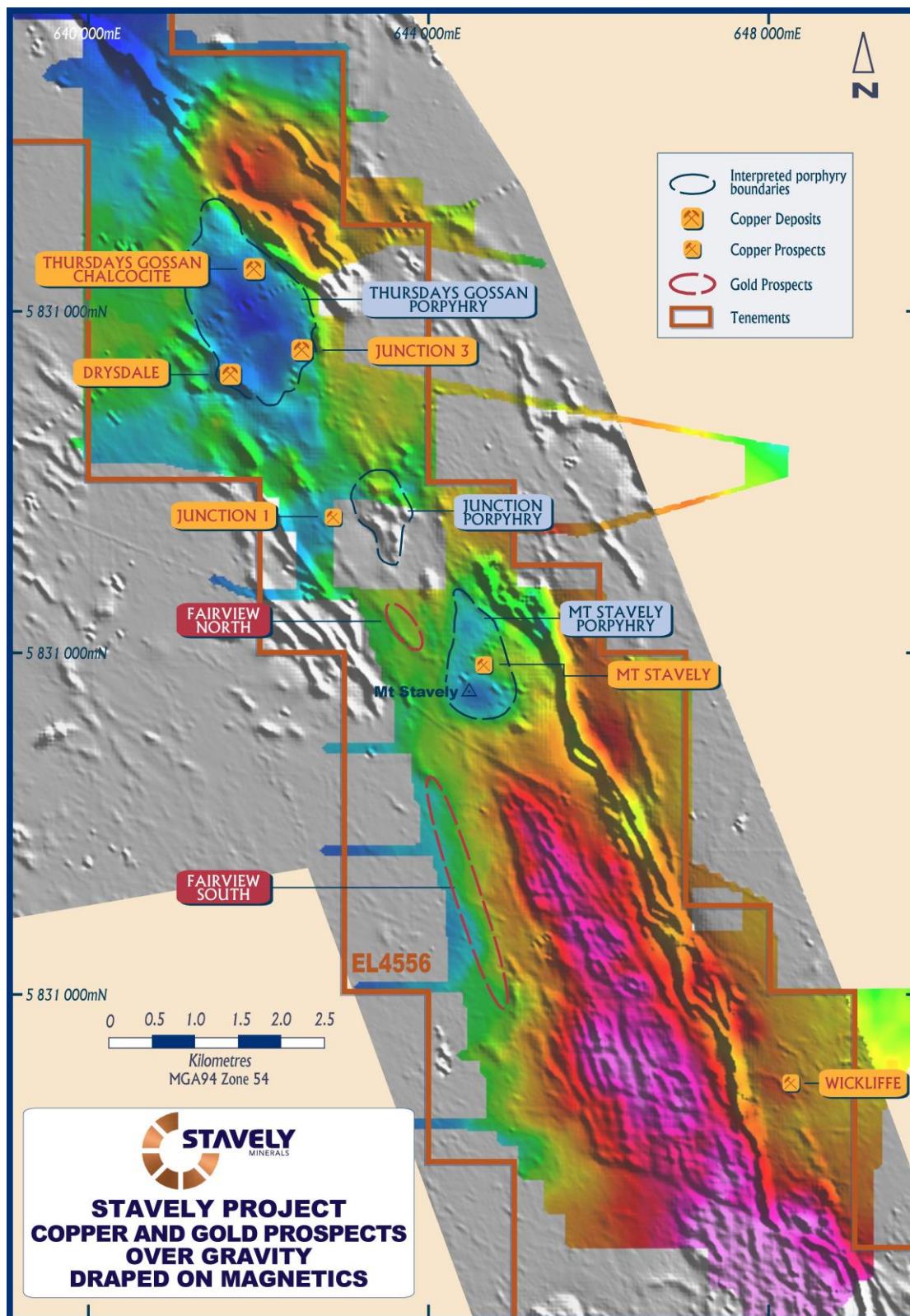


Figure 8. Mount Stavelly Porphyry target and Fairview Gold Prospect.

Yarram Park Project (EL5478)

Toora West Prospect

During the previous quarter two lines of IP were completed over the coincident gravity low and magnetic high, the classic geophysical signature for a porphyry intrusion, at the Toora West prospect in the northern portion of the Yarram Park Project. The survey has identified a pair of chargeability features on both IP survey lines (Figure 9). The IP chargeability features correlate with the margins of a small magnetic high at the core of a gravity low which itself is enclosed within a magnetic high annulus. The chargeability features are not strong, however are considered significant due to the very close spatial correlation with the margins of the gravity and magnetic features.

The geophysical signature, comprising a magnetic high, gravity low and peripheral IP chargeability anomalies (Figure 10) present at Toora West, make this prospect a very attractive conceptual geologic target and a priority for drill testing.

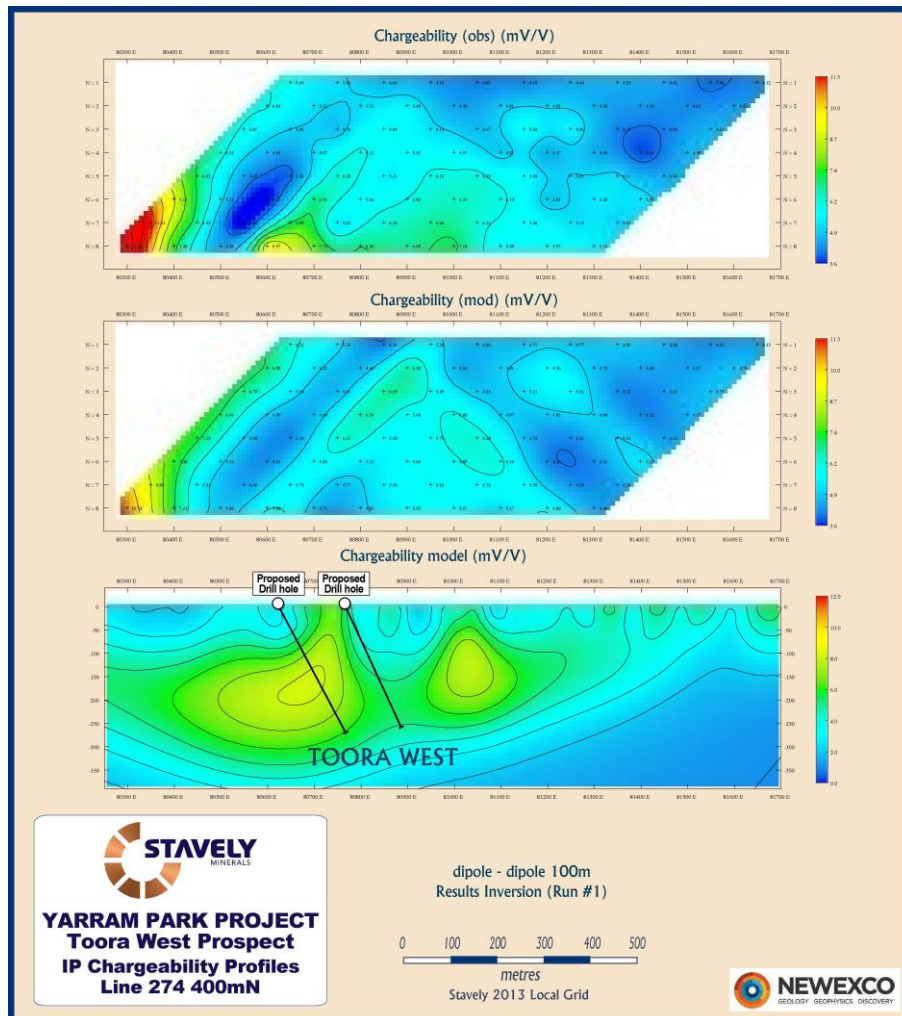


Figure 9. IP chargeability section for Line 274400mN.

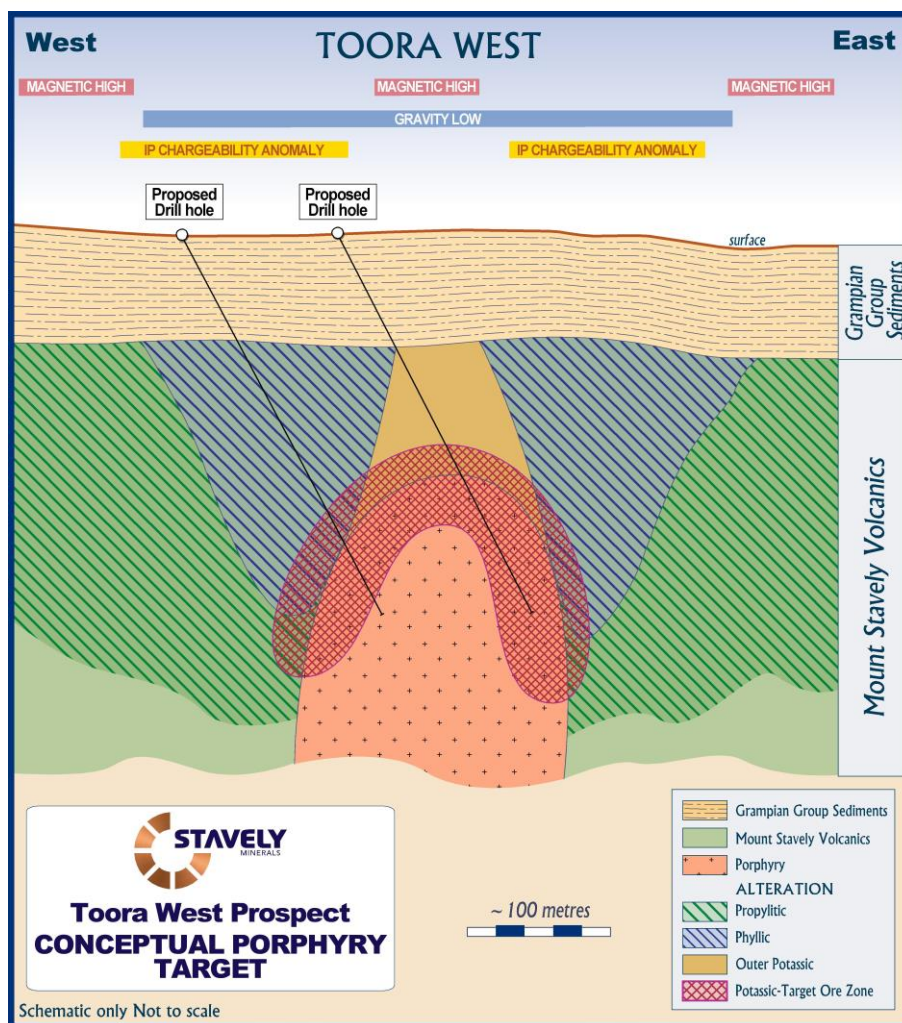


Figure 10. Porphyry copper-gold deposit conceptual model and observed geophysical responses (note there is potential for the observed responses to also be associated with a sub-volcanic diatreme).

Planned Exploration

Ararat Project (EL4758, EL3019 & EL5486/ Minotaur Exploration JV EL5403 & EL5450)

Planned exploration for the March 2016 Quarter includes logging and sampling of the drill holes completed during the December quarter at the Mount Ararat Footwall, Carroll's and Forgan's Find base metal prospects and the Cathcart Hill gold prospect.

Upon receipt and analysis of the assays from the orientation soil sampling programme completed at the Mount Ararat and Carroll's prospects, the regional soil geochemical programme throughout the VMS prospective horizon at the Ararat Project will commence.

Stavely Project (EL4556)

The soil geochemical programme at the Mount Stavely prospect will continue during the next quarter.

Yarram Park Project (EL5478)

Additional IP is planned at the Toora West prospect to provide better resolution of the target anomaly and to allow 3D inversion of the results so that they can be modelled with existing magnetic and gravity 3D models. Finalisation of the location of the planned diamond drill holes will be conducted upon completion of the IP survey.

CORPORATE

Stavely Minerals had a total of \$2.16M cash on hand at the end of the December 2015 Quarter and \$1.54M available pursuant to the Share Subscription Agreement with drilling contractor, Titeline Drilling Pty Ltd.

As an exploration company operating in Victoria, Stavely Minerals was sponsored by the Victorian State Government to have a display at the Junior Mining Hub at IMARC in Melbourne between the 10 November and 12 November.

ANNOUNCEMENTS

Investors are directed to the following announcements (available at www.stavely.com.au) made by Stavely Minerals subsequent to the December 2015 Quarter for full details of the information summarised in the Quarterly Report.

12/01/2016 - Significant New Porphyry Drill Target Identified at Yarram Park Project.

Tenement Portfolio - Victoria

The tenements held by Stavely Minerals as at 31 December 2015 are as follows:

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km ²)
Mt Ararat	EL 3019	21 December 1989	42
Ararat	EL 4758	29 January 2004	12
Stavely	EL 4556	5 April 2001	139
Yarram Park	EL 5478	26 July 2013	99

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

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



Chris Cairns
Managing Director

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Chris Cairns, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Cairns is a full-time employee of the Company. Mr Cairns is the Managing Director of Stavely Minerals Limited, is a substantial shareholder of the Company and is an option holder of the Company. Mr Cairns has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cairns consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

With respect to reporting of the updated Mineral Resources at the Mt Ararat VMS copper-gold-zinc deposit, the information is extracted from the report entitled "Mt Ararat VMS JORC Mineral Resource Update" dated 8 September 2015 and available to view on www.stavely.com.au and the ASX company announcements platform website under company code SVY. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.