



ASX Code: SVY

Issued Shares: 95.14M

Cash Balance: \$2.16M

ABN 33 119 826 907

Directors

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Chris Cairns

Jennifer Murphy

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HALF-YEAR REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Highlights

- A significant new porphyry drill target identified at the Toora West prospect in the Yarram Park Project with an Induced Polarisation (IP) chargeability anomaly generated which is coincident with a magnetic high annulus/central peak and gravity low.
- At the Ararat Project a regional IP survey over the Mount Ararat, Forgan's Find and Carroll's base metal prospects and the Cathcart Hill gold prospect highlighted some very significant chargeability anomalies at key prospects.
- Drilling of some of the IP chargeability features to test for potential VMS-style copper-gold-zinc mineralisation and 'Stawell-style' gold mineralisation was conducted in late 2015.
- At the Thursday's Gossan porphyry prospect, IP geophysical surveys completed coverage in the northern prospect area and drill targets have been finalised for testing.

Major Achievements

- Confirmation of the potential for multiple VMS base metals / gold occurrences within a 23 kilometre corridor north and south of the Mt Ararat copper-gold-zinc deposit with the discovery and drilling of the Forgan's Find prospect.
- Defined a series of drill targets at the Thursday's Gossan and Toora West prospects.
- Submission of applications for Victorian Government exploration co-funding under the TARGET Minerals Exploration Initiative.

Outlook

It would appear that investor sentiment towards the resources sector is improving. The depreciation of the Australian dollar and the reduction of input costs has clearly improved producer margins, especially highlighted by the domestic gold producers.

Recent improvements in broader commodity prices may extend the change in sentiment to producers of other metals.

Appetite from risk capital for higher-risk investments may be cooling for the technology based start-ups and back door listings increasingly seen as not justifying ambitious valuations.

We note that in a typical upturn of investor sentiment towards the resources sector, attention can turn to companies with near-term production assets as investors see existing producers as fully valued and the emerging producers offering better potential returns.

In this environment, exploration discoveries will likely be well rewarded.

CORPORATE DIRECTORY.....	3
DIRECTORS' REPORT.....	4
AUDITOR'S INDEPENDENCE DECLARATION.....	14
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	15
BALANCE SHEET	16
STATEMENT OF CASH FLOWS.....	17
STATEMENT OF CHANGES IN EQUITY.....	18
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS.....	19
DIRECTORS' DECLARATION.....	27
INDEPENDENT AUDITOR'S REVIEW REPORT	28

Directors

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

Company Secretary

Amanda Sparks

Registered and Principal Office

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Share Registry

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Solicitors

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Bankers

ANZ Bank
32 St Quentins Avenue
Claremont Western Australia 6010

Stock Exchange Listing

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

Auditors

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

Your Directors submit their interim financial report on Stavely Minerals Limited ("Stavely Minerals" or the "Company") for the half-year ended 31 December 2015.

DIRECTORS

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

William Plyley
Christopher Cairns
Jennifer Murphy
Peter Ironside

PRINCIPAL ACTIVITY

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

REVIEW AND RESULTS OF OPERATIONS

SUMMARY OF FINANCIAL PERFORMANCE

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

	Six Months Ended 31 December 2015 \$	Restated* Six Months Ended 31 December 2014 \$
Cash and cash equivalents held at half-year end	2,159,098	1,183,702
Net profit/(loss) for the half-year after tax	(2,154,785)	(2,595,819)
Basic profit/(loss) per share (cents)	(2.32)	(3.23)
Net cash (used in) operating activities	(1,110,936)	(2,888,768)
Net cash (used in) investing activities	(47,549)	(83,525)
Net cash from/(used in) financing activities	1,376,435	(60,722)

* During the prior year, Stavely changed its accounting policy to expense all exploration costs, excluding acquisition costs. Comparative information for the six months ended 31 December 2014 has been restated.

During the half-year:

- 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.
- Expenditure on exploration totalled \$968,805 (2014 half year \$2,178,355).
- 1,611,483 ordinary shares (\$219,074) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust.

SUMMARY OF OPERATIONS

Exploration during the half-year at the Company's Ararat, Stavely and Yarram Park copper-gold projects in western Victoria included regional gravity, induced polarisation (IP) geophysical and soil geochemistry surveys as well as follow-up diamond and RC drilling (Figure 1). The IP survey over a portion of the prospective stratigraphy in the Ararat Project, together with the previously completed soil geochemistry and mapping programmes was successful in identifying a number of new targets with the potential to host both VMS-style copper-gold-zinc mineralisation and 'Stawell-style' gold mineralisation. Drilling of a number of these targets was conducted in November and December, with assay results pending at the end of the half-year period. At the Thursday's Gossan porphyry prospect, IP geophysical surveys completed coverage in the northern prospect area and drill targets have been finalised for testing. At the Yarram Park Project, a significant new porphyry drill target was identified at the Toora West prospect from the IP survey, with the chargeability anomaly being coincident with the magnetic annulus/ central peak and gravity low.

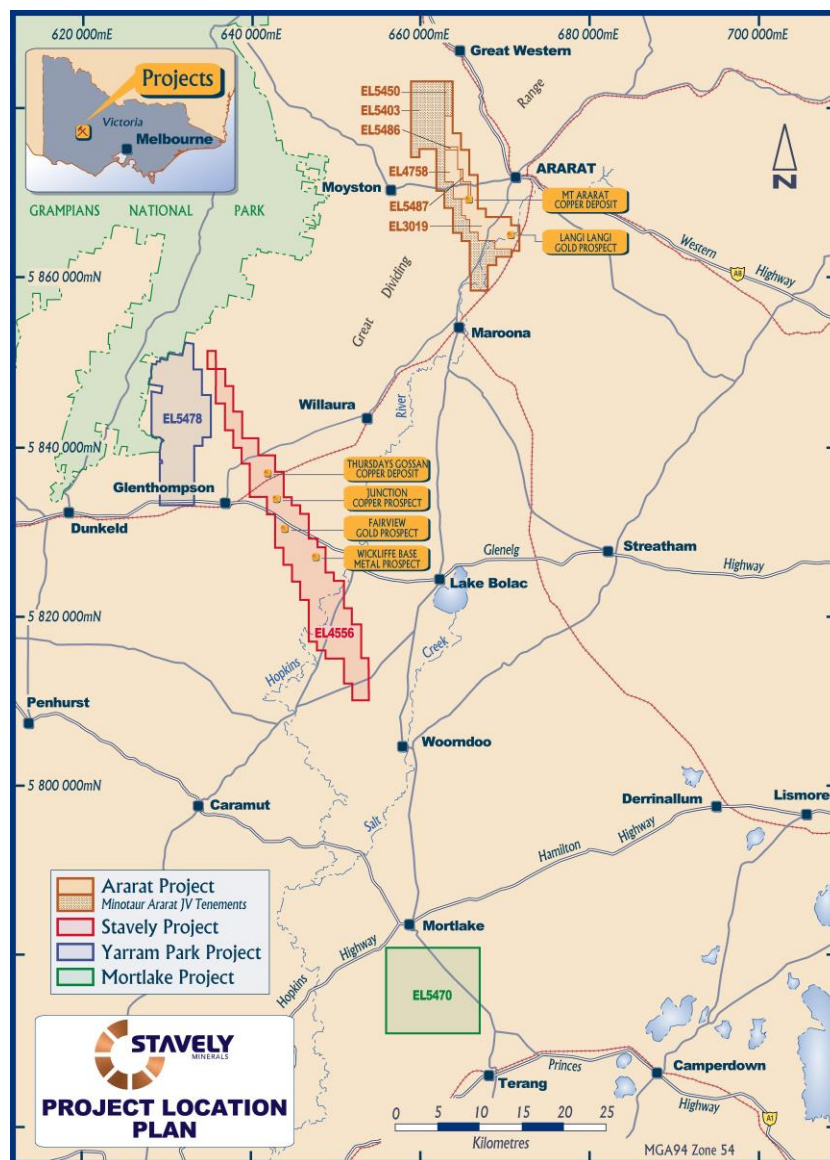


Figure 1. Project Location Plan.

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

A gravity survey covering an area of approximately 28 square kilometres over the prospective VMS horizon was completed at the Ararat Project. The gravity survey provided important information with respect to the regional architecture and distribution of rock types at depth in the area.

Eleven lines of IP data were collected at a spacing of either 300 metres or 600 metres over the Mount Ararat, Forgan's Find and Carroll's base metal prospects and the Cathcart Hill gold prospect (Figure 2). The regional IP survey highlighted some very significant chargeability anomalies at key prospects in the Ararat Project, some of which were drill tested (Figure 3). Diamond drilling was conducted at the Mt Ararat Footwall, Carroll's and Forgan's Find base metal prospects and RC drilling with diamond tails at the Cathcart Hill gold prospect to ascertain if the chargeability anomalies are related to sulphide mineralisation. Drilling was only completed in late December and processing and sampling of the drill chips and core was in progress at the end of the half-year.

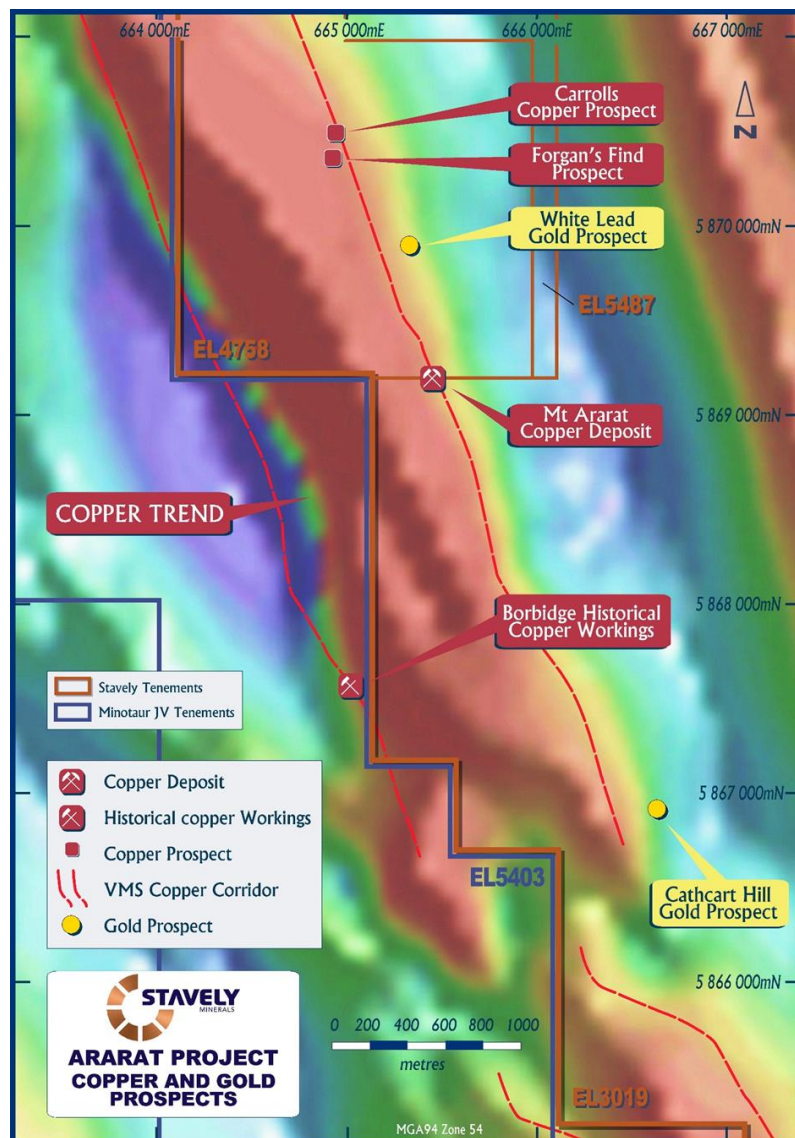


Figure 2. Ararat Project prospect location plan overlaid on a reduced to pole aeromagnetic image.

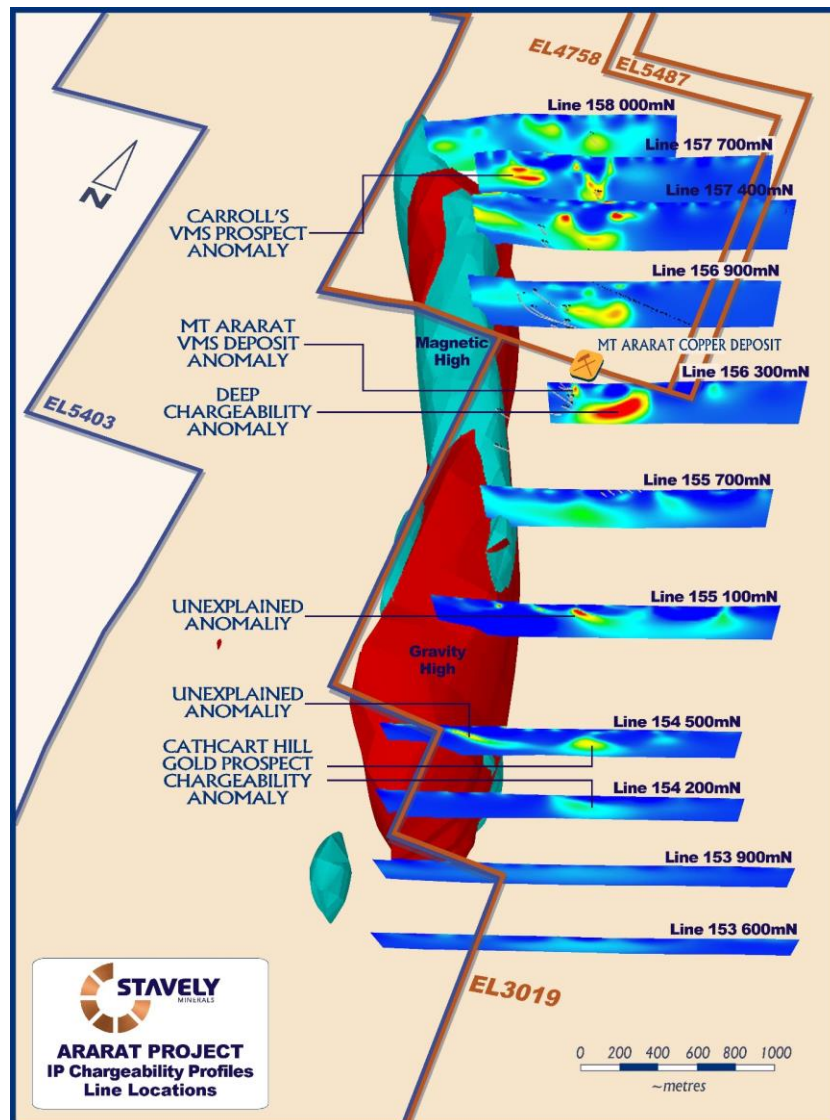


Figure 3. Oblique view of the stacked set of IP section lines looking NNW with approximately 30 degrees elevation.

Mt Ararat VMS Deposit

A diamond hole was drilled to a depth of 375m to test a large and strong IP (120mV/V) chargeability anomaly in Line 156300mN, identified in the footwall to the Mt Ararat VMS deposit (Figure 3). The known deposit is associated with a much smaller IP chargeability anomaly compared with the footwall anomaly, which was modelled to extend from 150m below the surface to more than 400m below surface. Previous drilling has not tested this position.

Carroll's Base Metal Prospect

At the Carroll's prospect one diamond hole was drilled to a depth of 321m in November to test a strong IP chargeability anomaly in Line 157700mN (Figure 3). 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.

Forgan's Find Base Metal Prospect

One diamond hole was drilled to a depth of 359.9m in November to test gossanous mineralisation identified at surface at the Forgan's Find prospect. 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.

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. An 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.

One RC hole was drilled to a depth of 200m into the tabular chargeability anomaly on the western side of Line 154500mN (Figure 3). The second hole at the prospect, 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 3). The third hole 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 3).

STAVELY PROJECT (EL 4556)

Thursday's Gossan Porphyry Prospect

Processing of the IP geophysical data has been 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 are 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 0.44 g/t gold from 154.6 metres in diamond drill hole SNDD001.

Yarram Park Project (EL 5478)

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 (Figure 4). The survey has identified a pair of chargeability features on both IP survey lines (Figure 5). 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 6) present at Toora West, make this prospect a very attractive conceptual geologic target and a priority for drill testing.

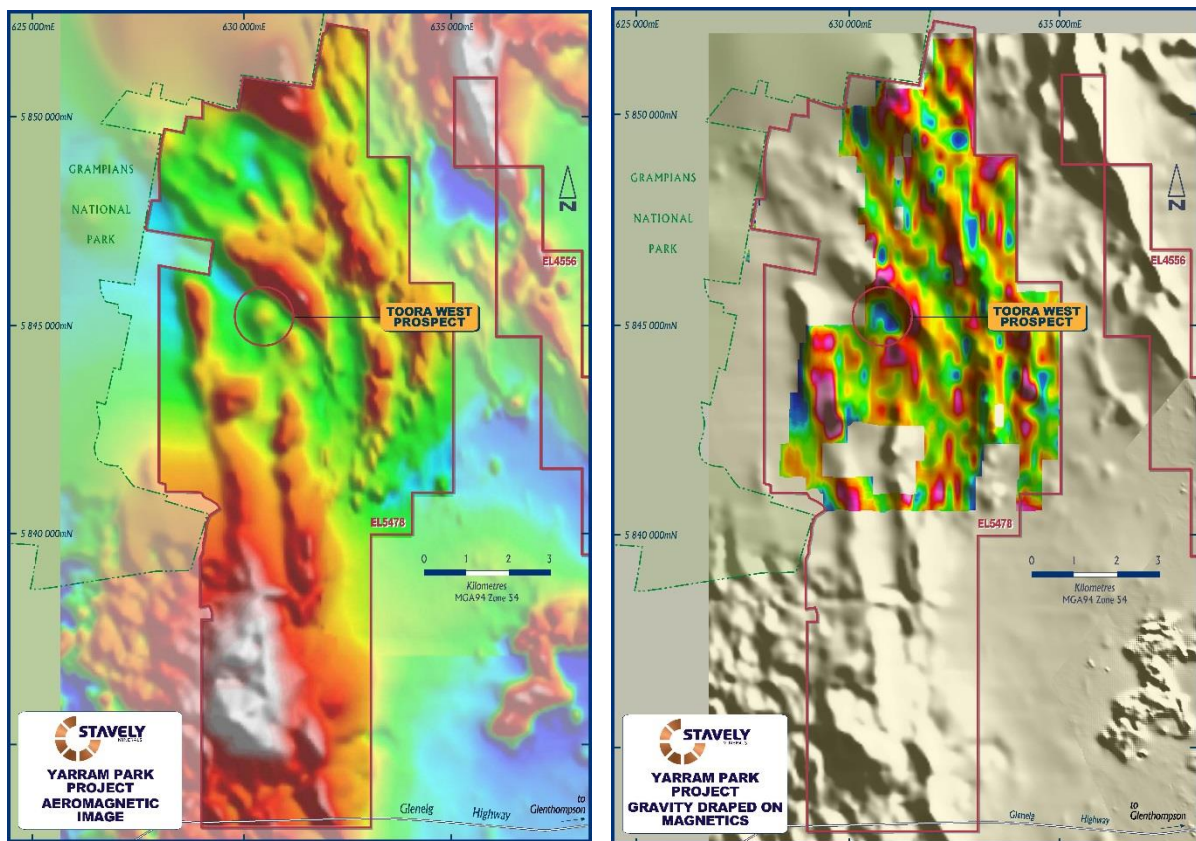


Figure 4. Prospect location maps on aeromagnetics (left) and gravity draped on grey-scale magnetics (right).

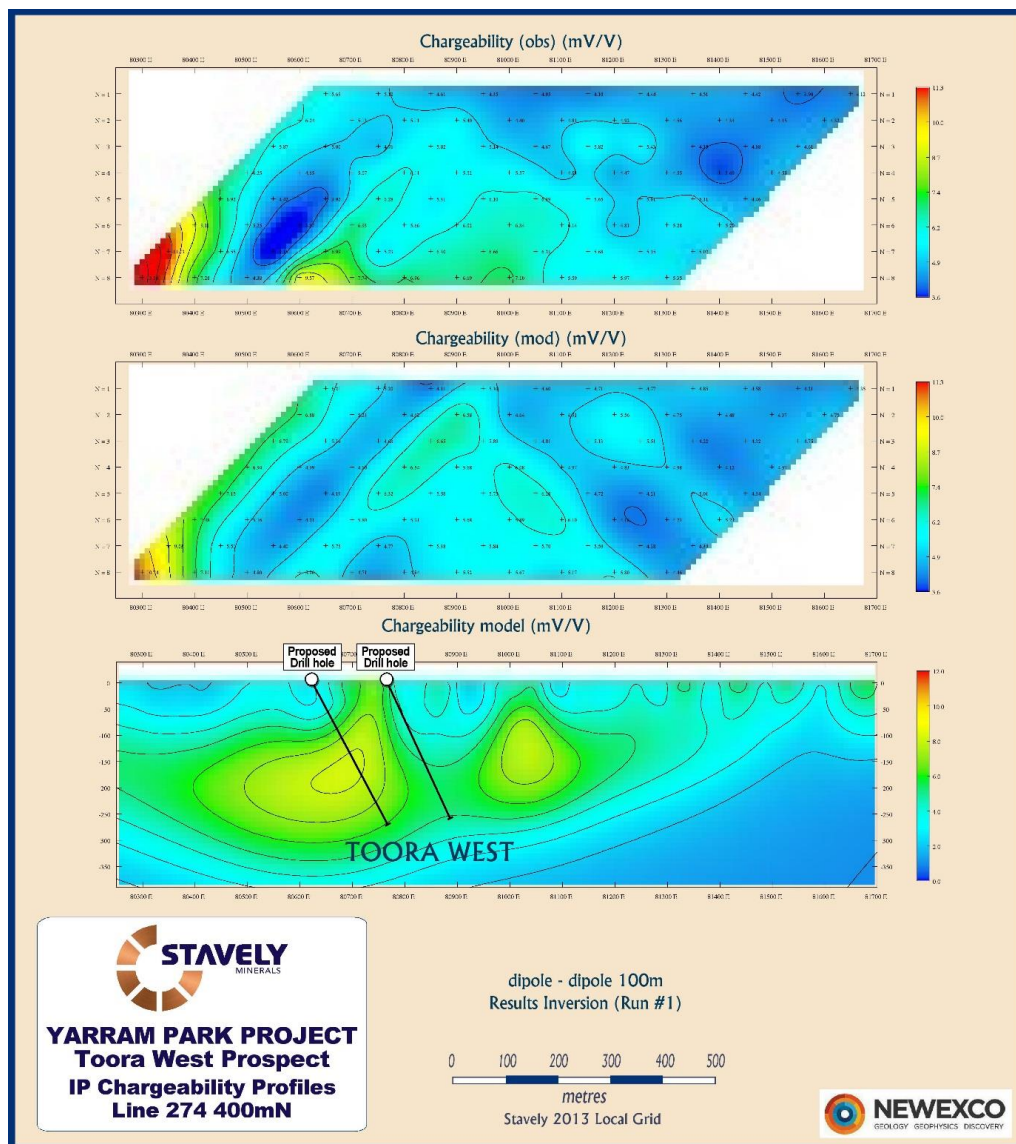


Figure 5. IP Chargeability anomalies.

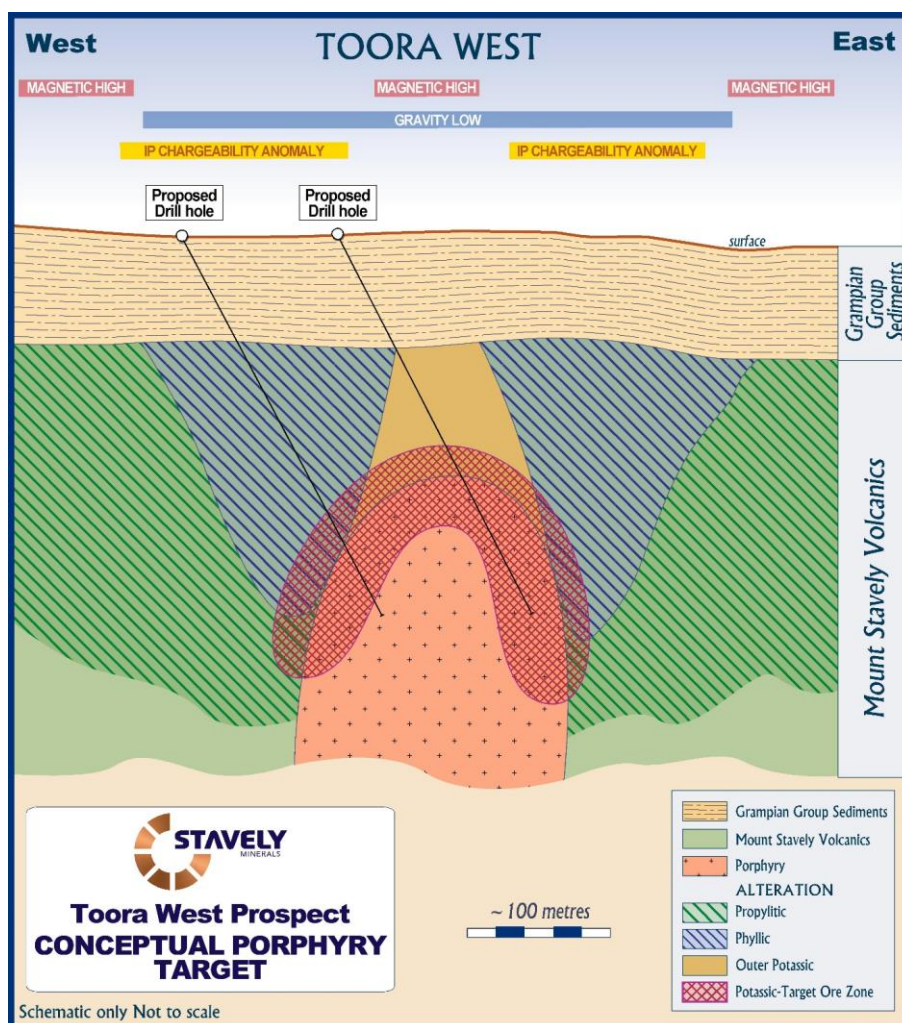


Figure 6. Porphyry copper-gold deposit conceptual model and observed geophysical responses.

ANNOUNCEMENTS

The following announcements (available at www.stavely.com.au) provide a more detailed description of the Company's operational activities for the half-year ended 31 December 2015 and subsequent activities:

- 26/02/2016 - RIU Explorers Presentation
- 24/02/2016 - Encouraging Results from Initial Drilling at Forgan's Find
- 16/02/2016 - Ravenswood Gold-Copper Project Acquisition
- 02/02/2016 - Exploration Development Incentive
- 29/01/2016 - Quarterly Cashflow Report
- 29/01/2016 - Quarterly Activities Report
- 12/01/2016 - Significant New Porphyry Drill Target Identified
- 18/11/2015 - AGM Presentation
- 25/09/2015 - Resources Rising Stars Presentation
- 25/09/2015 - Significant New Drill Targets at Ararat Project
- 09/09/2015 - Annual Report to shareholders
- 08/09/2015 - Mt Ararat VMS JORC Mineral Resource Update
- 16/07/2015 - Non-Renounceable Entitlement Issue Notification of Shortfall
- 10/07/2015 - Rights Issue to Close on Monday 13 July 2015
- 06/07/2015 - Completion of Entitlement and Acceptance Form
- 06/07/2015 - Significant High-Grade Gold & VMS Copper Intersects
- 01/07/2015 - Rights Offer Opens and Prospectus Despatched

CORPORATE

In July 2015, a total of \$1.58 million was raised through a 1-for-10 non-renounceable entitlement issue at 25 cents with a 1 for 2 free attaching option (exercisable at 30 cents per share and expiring 30 June 2016).

These funds, together with the \$1.4 million raised through the share placement in June 2015, are being used to underpin the exploration and evaluation of the Thursday's Gossan porphyry copper target, investigation of the porphyry potential at the Toora West prospect at Yarram Park and to undertake further drilling at both an emerging 'Stawell-style' gold prospect and a VMS-style copper-gold-zinc deposit at the Ararat Project.

Stavely Minerals had a total of \$2.16M cash on hand as at 31 December 2015 and \$1.54M available pursuant to the Share Subscription Agreement with drilling contractor, Titeline Drilling Pty Ltd.

SUBSEQUENT EVENTS

On 15 February 2016, Stavely Minerals acquired a new gold-copper project in North Queensland, the Ravenswood West Exploration Permit Application (EPM26041), through the acquisition of a private company - Ukalunda Pty Ltd for a consideration of \$2. The purchase is a related party transaction as Ukalunda Pty Ltd was established in 2007 by Stavely Minerals' Directors Mr Chris Cairns and Mr Peter Ironside with the specific purpose of opportunistically applying for exploration permits in north Queensland. Ukalunda Pty Ltd had loans of approximately \$26,000 outstanding to Mr Cairns and Mr Ironside for company establishment fees, tenement application fees and compliance costs etc. but did not include any costs for Mr Cairns' or Mr Ironside's time and efforts. The loans have been discharged by Stavely Minerals after purchase.

No other matter or circumstance has arisen since 31 December 2015 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



Christopher Cairns
Managing Director

Perth, Western Australia

10 March 2016

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

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



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

As lead auditor for the review of Stavelly Minerals Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 10 March 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the Half-Year ended 31 December 2015



		Six months ended 31 December 2015 \$	Restated* Six months ended 31 December 2014 \$
	Note		
Revenue and Income			
Interest revenue		30,372	27,931
Rental sub-lease revenue		19,736	20,524
		<u>50,108</u>	<u>48,455</u>
Expenses			
Administration and corporate expenses	2(a)	(351,615)	(465,919)
Administration – equity based payments	2(a)	(884,473)	-
Exploration expensed	2(b)	(968,805)	(2,178,355)
Total expenses		<u>(2,204,893)</u>	<u>(2,644,274)</u>
Profit/(loss) before income tax		(2,154,785)	(2,595,819)
Income tax expense			-
Profit/(loss) after income tax attributable to members of Stavely Minerals Limited		(2,154,785)	(2,595,819)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
Other comprehensive income/(loss) for the period, net of tax		-	-
Total comprehensive profit/(loss) for the period		(2,154,785)	(2,595,819)
Loss per share for the half-year attributable to the members of Stavely Minerals Limited		Cents Per Share	Cents Per Share
Basic earnings/(loss) per share	3	<u>(2.32)</u>	<u>(3.23)</u>

* Refer to Note 1(c) for more information regarding prior half-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 31 December 2015



		31 December 2015	30 June 2015
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		2,159,098	1,941,148
Other receivables		79,567	101,948
Total Current Assets		2,238,665	2,043,096
Non-Current Assets			
Receivables		80,000	40,000
Property, plant and equipment	4	110,911	101,814
Deferred exploration expenditure	5	2,982,126	2,982,126
Total Non-Current Assets		3,173,037	3,123,940
Total Assets		5,411,702	5,167,036
LIABILITIES			
Current Liabilities			
Trade and other payables		29,417	265,097
Provisions		40,531	31,303
Total Current Liabilities		69,948	296,400
Total Liabilities		69,948	296,400
Net Assets		5,341,754	4,870,636
Equity			
Issued capital	6	12,297,566	10,556,136
Reserves		1,168,877	284,404
Accumulated losses		(8,124,689)	(5,969,904)
Total Equity		5,341,754	4,870,636

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

STATEMENT OF CASH FLOWS

for the Half-Year ended 31 December 2015



	31 December 2015	Restated* 31 December 2014
	\$	\$
Cash flows from operating activities		
Receipts in the ordinary course of activities (incl. GST)	107,889	272,662
Payments to suppliers and employees	(1,249,197)	(3,189,361)
Interest received	30,372	27,931
Net cash flows used in operating activities	(1,110,936)	(2,888,768)
Cash flows from investing activities		
Payments for plant and equipment	(47,549)	(43,525)
Payments for exploration expenditure capitalised	-	-
Payments for bonds	-	(40,000)
Net cash flows used in investing activities	(47,549)	(83,525)
Cash flows from financing activities		
Proceeds from issue of shares and options	1,583,203	-
Payment of share issue costs	(206,768)	(60,722)
Net cash flows used in financing activities	1,376,435	(60,722)
Net increase/(decrease) in cash and cash equivalents held	217,950	(3,033,015)
Add opening cash and cash equivalents brought forward	1,941,148	4,216,717
Closing cash and cash equivalents carried forward	2,159,098	1,183,702

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

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

STATEMENT OF CHANGES IN EQUITY

for the Half-Year ended 31 December 2015



	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 July 2014 – Restated*	9,101,363	284,404	(2,472,731)	6,913,036
Profit/(loss) for the half-year	-	-	(2,595,819)	(2,595,819)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(2,595,819)	(2,595,819)
Transactions with owners in their capacity as owners:				
Issue of share capital	98,363	-	-	98,363
Cost of issue of share capital	(60,722)	-	-	(60,722)
	37,641	-	-	37,641
As at 31 December 2014 – Restated*	9,139,004	284,404	(5,068,550)	4,354,858
At 1 July 2015	10,556,136	284,404	(5,969,904)	4,870,636
Profit/(loss) for the half-year	-	-	(2,154,785)	(2,154,785)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the half-year, net of tax	-	-	(2,154,785)	(2,154,785)
Transactions with owners in their capacity as owners:				
Issue of share capital	1,832,278	-	-	1,832,278
Cost of issue of share capital	(90,848)	-	-	(90,848)
Share based payments - options	-	884,473	-	884,473
	1,741,430	884,473	-	2,625,903
As at 31 December 2015	12,297,566	1,168,877	(8,124,689)	5,341,754

Refer to Note 1(c) for more information regarding prior half-year restatement.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This half-year financial report for the six months ended 31 December 2015 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001 and was authorised for issue in accordance with a resolution of the directors on 10 March 2016.

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

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2015 and any public announcements made by Stavely Minerals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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

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

(b) Statement of Compliance

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

(c) Adoption of new and revised standards

Early adoption of accounting standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 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 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting period. The Company's assessment of the impact of these new standards and interpretations that may have an impact on the Company is set out below:

AASB 9 Financial Instruments (effective from 1 January 2018)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Adoption of new and revised standards - continued

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

In the June 2015 year, a voluntary change in accounting policy relating to exploration and evaluation expenditure was made, effective 1 July 2014.

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.

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 only impact the comparative December 2014 information, and are set out below:

The Statement of Profit or Loss and Other Comprehensive Income increased the loss for the 2014 half-year by \$2,132,270.

Basic loss per share has also been restated. This has resulted in an increase in the loss per share by 2.65 cents per share for the half-year ended 31 December 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 half-year to 31 December 2014 to be increased by \$2,407,121 with a corresponding decrease in cashflows from investing activities.

	Six months ended 31 December 2015	Restated Six months ended 31 December 2014
	\$	\$

NOTE 2 - EXPENSES

(a) Administration and Corporate Expenses

Administration and corporate expenses include:

Depreciation - administration	698	698
Operating lease rental expense	76,747	60,938
Other administration and corporate expenses	274,170	404,283
	<u>351,615</u>	<u>465,919</u>
Administration – share based payments (refer note 7)	884,473	-
Total administrations costs	<u>1,236,088</u>	<u>465,919</u>

(b) Exploration Costs Expensed

Exploration costs expensed include:

Depreciation - exploration	37,754	21,261
Share based payments expensed (refer note 7)	249,074	98,363
Other exploration costs expensed	681,977	2,058,731
	<u>968,805</u>	<u>2,178,355</u>

NOTE 3 - EARNINGS PER SHARE

	Cents	Cents
Basic earnings/(loss) per share	(2.32)	(3.23)
	\$	\$
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	<u>(2,154,785)</u>	<u>(2,595,819)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the half-year used in the calculation of basic earnings per share	<u>93,012,415</u>	<u>80,469,299</u>

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

	31 December 2015	30 June 2015
	\$	\$
NOTE 4 - PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles- at cost	28,273	28,273
Less: Accumulated depreciation	(16,964)	(12,723)
	<u>11,309</u>	<u>15,550</u>
Plant and equipment - at cost	181,843	134,294
Less: Accumulated depreciation	(82,241)	(48,030)
	<u>99,602</u>	<u>86,264</u>
Total property, plant and equipment	<u>110,911</u>	<u>101,814</u>

Reconciliation of property, plant and equipment:

Motor Vehicles

Carrying amount brought forward	15,550	28,273
Additions	-	-
Depreciation	(4,241)	(12,723)
Carrying amount carried forward	<u>11,309</u>	<u>15,550</u>

Plant and Equipment

Carrying amount brought forward	86,264	134,294
Additions	47,549	-
Depreciation	(34,211)	(48,030)
Carrying amount carried forward	<u>99,602</u>	<u>86,264</u>

NOTE 5 - DEFERRED EXPLORATION EXPENDITURE

Deferred exploration costs brought forward	2,982,126	2,980,752
Capitalised expenditure incurred during the period	-	1,374
Deferred exploration costs carried forward	<u>2,982,126</u>	<u>2,982,126</u>

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

	31 December 2015	30 June 2015
NOTE 6 – ISSUED CAPITAL		
(a) Issued Capital	\$	\$
95,140,190 ordinary shares fully paid	12,297,566	10,556,136

(b) Movements in Ordinary Share Capital

Summary of Movements	Six months ended 31 December 2015		Year ended 30 June 2015	
	Number of		Number of	
	Shares	\$	Shares	\$
Opening balance	87,110,206	10,556,136	80,432,000	9,101,363
Issued - entitlements Issue	6,332,726	1,583,181	-	-
Issued – share subscription	1,611,483	219,074	1,078,206	239,658
Issued - other	85,700	30,000	-	-
Issued – options exercised	75	22	-	-
Issued – placement	-	-	5,600,000	1,400,000
Costs of issues		(90,847)		(184,885)
Closing Balance	95,140,190	12,297,566	87,110,206	10,556,136

Entitlements Issue

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.

Share Subscription Issues

During the six months to 31 December 2015, 1,611,483 ordinary shares (\$219,074) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust. Refer below for details of the agreement.

Share Subscription Agreement

In October 2014, Stavely Minerals entered into a \$2 million Share Subscription Agreement with its existing drilling contractor, Titeline Drilling Pty Ltd. Pursuant to this agreement, the drilling contractor has agreed to subscribe for up to \$2 million of shares, with Stavely Minerals having the option to settle monthly drilling charges by way of a cash payment and/or by way of offset of the price of subscription application for shares. As at 31 December 2015, cumulative subscriptions totalled \$458,732.

Other Issues

On 6 July 2015, Stavely issued 85,700 new shares at an issue price of \$0.35 per share together as a consideration for the extension of a royalty option (\$30,000).

NOTE 6 – ISSUED CAPITAL - continued

(c) Options on issue at 31 December 2015

	Number	Issue Price of Shares	Exercise Date
Listed Options	5,966,298	30 cents	30 June 2016
Unlisted Options	3,000,000	27 cents	1 December 2016
Unlisted Options	10,000,000	23 cents	1 December 2016
Unlisted Options	14,400,000	27 cents	31 December 2017
	<u>33,366,298</u>		

During the half-year ended 31 December 2015:

- (i) 3,166,373 listed options were granted to shareholders (six months to 31 December 2014: nil);
- (ii) 75 listed options were exercised (six months to 31 December 2014: nil).
- (iii) 13,000,000 unlisted options were granted as share-based payments (six months to 31 December 2014: nil);
- (iv) No listed or unlisted options expired (six months to 31 December 2014: nil); and
- (v) No unlisted options were exercised (six months to 31 December 2014: nil).

	Six months ended 31 December 2015	Restated Six months ended 31 December 2014
	\$	\$

NOTE 7 – EQUITY-BASED PAYMENTS

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

Expensed in the profit and loss:

Equity-based payments- shares – exploration expense	249,074	98,363
Equity-based payments- options – administration expense	884,473	-
	<u>1,133,547</u>	<u>98,363</u>

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

On 6 July 2015, Stavelly issued 85,700 new shares at an issue price of \$0.35 per share together as a consideration for the extension of a royalty option (\$30,000).

During the six months to 31 December 2015, 1,611,483 ordinary shares (\$219,074) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd as trustee for the Titeline Property Trust. Refer to note 6(b).

NOTE 7 – EQUITY-BASED PAYMENTS - continued

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

During the half-year ended 31 December 2015, the following unlisted options were granted:

- 3,000,000 unlisted options granted on 25 August 2015 to consultants (including 1,000,000 granted to Stavely's Company Secretary).
- 10,000,000 unlisted options as approved by shareholders at the 2015 Annual General Meeting, granted to directors or their nominees on 30 November 2015.

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	25/8/2015	30/11/2015
Option exercise price (\$)	0.27	0.23
Expected life of options (years)	1.27	1.01
Dividend yield (%)	-	-
Expected volatility (%)	111.95	112.09
Risk-free interest rate (%)	1.73	1.98
Underlying share price (\$)	0.18	0.185
Value of Option (\$)	0.0669	0.0684

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

NOTE 9 – CASH FLOW INFORMATION

The following non-cash activities were undertaken:

Six months to 31 December 2015:

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

Six months to 31 December 2014:

- 345,722 ordinary shares (\$98,363) were issued pursuant to the Share Subscription Agreement with Titeline Drilling Pty Ltd and Greenstone Property Pty Ltd (refer to note 6(b)).

NOTE 10 – SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The 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 11 – RELATED PARTY TRANSACTIONS

There have been no new related party transactions entered into since 30 June 2015, other than the grant of options – refer to note 7(c).

NOTE 12 – SUBSEQUENT EVENTS

On 15 February 2016, Stavely Minerals acquired a new gold-copper project in North Queensland, the Ravenswood West Exploration Permit Application (EPM26041), through the acquisition of a private company - Ukalunda Pty Ltd for a consideration of \$2. The purchase is a related party transaction as Ukalunda Pty Ltd was established in 2007 by Stavely Minerals' Directors Mr Chris Cairns and Mr Peter Ironside with the specific purpose of opportunistically applying for exploration permits in north Queensland. Ukalunda Pty Ltd had loans of approximately \$26,000 outstanding to Mr Cairns and Mr Ironside for company establishment fees, tenement application fees and compliance costs etc. but did not include any costs for Mr Cairns' or Mr Ironside's time and efforts. The loans have been discharged by Stavely Minerals after purchase.

There are no other matters or circumstances that have arisen since 31 December 2015 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

1. In the opinion of the directors:

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

- i) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory reporting requirements; and
- iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and

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

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2015.

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

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

Christopher Cairns
Managing Director

Perth, Western Australia

10 March 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stavely Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Stavely Minerals Limited, which comprises the balance sheet as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stavely Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

**Conclusion**

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd



Glyn O'Brien

Director

Perth, 10 March 2016