2016 | Annual Report

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Welcome,

It is my pleasure to present our 2016 Annual Report.

While conducting a fiscally responsible business, looking after our people, looking after the environment and the needs of the community, the Stavely team has again added value in ways that we might not have expected a year ago.

The team has continued to expand exploration targets at our Victorian Projects. And, at the same time the team has been able to gain significant Victorian government co-funding for exploration, has acquired excellent exploration ground in Queensland and has begun a review of the copper production potential at our mineral deposits in Victoria.

As you know, one of our key exploration targets has been a Cadia-type gold-copper porphyry at our Stavely and Yarram Park Projects in Victoria. The targets, along with other high priority targets, formed the basis for seven joint funding proposals to the Victorian Government. During the proposal review, the Victorian Government utilised an independent panel of experts. The response was enthusiastic support for Stavely's proposals, and resulted in grant of over $1 million of co-funding from the Victorian government. Key, high-priority targets that could add substantial value to Stavely will now proceed later this year with a much more cost-effective approach for shareholders.

In February, Stavely acquired Ukalunda Pty Ltd, which held an application for the Ravenswood West gold and copper exploration project in north Queensland, near the historical Ravenswood mining centre (+4 million ounces of gold production). The exploration license has now been granted and exploration has begun targeting breccia pipe mineralisation that could be similar to nearby Mt. Wright (1 million ounces of gold Mineral Resources).

Prompted by indications of additional copper resources at the Stavely project, improved copper price projections, and the drop in the Australian dollar relative to the US dollar, Stavely recently conducted a conceptual study of copper production potential from our two flagship projects, Stavely and Ararat. Stavely and Ararat have been a major attraction as they contain some 130kt of copper in Inferred Mineral Resources. Results from the study were quite encouraging, and, the results led to plans to conduct a Scoping Study to review mining and processing options to further improve the potential economics.

Stavely now uses its excellent team to lever off multiple projects that can be run in parallel. The exciting Ravenswood Project in tropical north Queensland provides a field season during winter months when the western Victoria field is too wet for meaningful field programmes. So now, with these complimentary projects, exploration fieldwork on a substantial number of exciting targets can continue throughout the year. Scoping study of copper production potential will be conducted coincident with exploration.

Our team has placed Stavely in an admirable position with fresh projects for gold and copper in historic mining areas that have demonstrated stable, supportive communities and governments. At the time of writing, we have $1.5m cash, no debt and substantial financial support from government co-funding and drilling contractor share subscription agreements. Additionally, a path to transition Stavely to copper producer may be indicated by our future Scoping Study of our flagship projects.

While the market is slow to turn positive, our shareholders have been very supportive. We are not in a position to issue dividends, but we were able to show our thanks as we distributed credits of $748,000 to our shareholders via a new government EDI program. Thank you for your stellar support.

Our highly qualified and highly capable team is enthusiastic about drilling our high priority projects in Victoria with potential for discovery of a Cadia-style copper-gold porphyry, drilling new gold and copper Mt. Wright- style gold mineralised breccia pipe projects in Queensland, and completing a Scoping Study for copper production from our flagship resources in Victoria. We look forward to reporting our successes in the future.

Thank you

BILL PLYLEY

Overview

EXPLORATION

The Company's assets located in western Victoria and in northern Queensland 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 and Yarram Park Projects), and a Degrussa-style VMS (volcanogenic massive sulphide) deposit (Ararat Project).

The Fairview low-sulphidation mesothermal to epithermal gold prospect in the Stavely Project is potentially analogous to a Lake Cowal gold deposit. There are also indications of 'Stawell-style' and 'intrusive-related' gold mineralisation at the Ararat Project.

The Ararat Project hosts Besshi-style VMS copper-gold-zinc mineralisation at Mt Ararat with a 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.

The Ararat Goldfield has significant historic alluvial and deep lead production of circa 640,000 ounces of gold but with no known substantial hard-rock source.

Regional gravity, induced polarisation (IP) geophysics and soil geochemical sampling programmes conducted over the prospective stratigraphy in the Ararat Project have identified new base metal and gold targets.

Drill testing at the Forgan's Find and Carroll's VMS prospects did return narrow intervals of massive to stringer sulphide zinc and copper mineralisation, including 0.2 metres at 1.77% zinc and 0.12% copper. Despite the drill core at the Cathcart Hill and Remington gold prospects appearing promising, no significant intercepts were returned.

An IP survey over the Curtis Diorite in the Ararat Project, which hosts a number of historic gold workings including the Honeysuckle Mine, has defined a number of chargeability features which are considered to be worthy of drill testing.

At the Stavely Project, the Company's conceptual study on the potential for copper concentrate production from the chalcocite-enriched supergene 'blanket' at the Thursday's Gossan copper deposit demonstrated sufficient positive outcomes with respect to net revenue and Net Present Value, as well as an attractive Internal Rate of Return, to proceed to a Scoping Study.

Additional IP data was collected at the northern end of the Thursday's Gossan Porphyry copper-gold prospect, where strong evidence based on structural kinematic indicators, 3D modelling, spatial analysis of alteration mineralogy, and sulphur isotopes from previous deep diamond drilling as well as geophysics indicates where the targeted copper-gold 'core' potassic zone should be located. Drill testing of the porphyry target beneath the low-angle structure where the better developed gold and copper mineralisation is expected will be conducted in the forthcoming year.

Encouraging results were received from the soil sampling programme conducted at the Mount Stavely copper-gold pophyry target. The Niton™ XRF results produced an elevated molybdenum response which coincided with both an anomalous gold assay and an induced polarisation chargeability feature. The geochemical and geophysical signature on the margin of the Mount Stavely gravity low is consistent with and possibly indicative of mineralisation associated with a buried porphyry intrusion.

Drilling at Carroll's VMS prospect.

Exploration has commenced on the recently granted Ravenswood West exploration licence in northern Queensland. The Ravenswood West Project is located near the historical Ravenswood mining centre, which has +4Moz of combined historical and modern gold production. Priority targets include 'The Bank' breccia pipe, which is being evaluated as a potential drill target similar to the nearby Mt Wright Gold Mine (~1Moz) and the Welcome breccia pipe (210koz).

In addition, it will be a priority to determine if the high-grade gold mineralisation, including 6 metres at 16.7 g/t gold from 14 metres, at the Podosky's prospect on an excised mining lease, extends into the Ravenswood West Project area.

CORPORATE

The share subscription agreement between Stavely Minerals and Titeline Drilling Pty Ltd, under which the Company has the option to settle monthly drilling charges by way of 50% cash payment and 50% by way of shares, is still in place. To date approximately $0.5 million of the total $2 million facility has been used as at the end of June.

In February 2016, Stavely Minerals acquired Ukalunda Pty Ltd ('Ukalunda'), being the applicant of EPM26041 in north Queensland for a purchase cost of $2. The purchase was a related party transaction as Ukalunda was established in 2007 by Stavely Minerals' Director Mr Chris Cairns and Mr Peter Ironside with the specific purpose of opportunistically applying for exploration permits in North Queensland.

Ukalunda was the vehicle used for the application as the potential for rare earth element (REE's) mineralisation is considered to be outside of Stavely's normal copper and gold focus, and having a wholly-owned subsidiary to hold the asset could represent a strategic advantage in the future should the REE's potential be progressed towards any significant value and be considered for a possible future asset sale.

In June 2016, Stavely Minerals received offers of over $1 million of exploration co-funding for five projects from the Victorian Government under the TARGET exploration initiative. In an economic and geoscience boost to Victoria, the Victorian Government offered a total of almost $2 million in grants to five recipients for nine projects to explore for copper, other base metals and gold in the Stavely Region. A collaborative geological research programme by the Geological Survey of Victoria and Geoscience Australia has identified the Stavely geological province in western Victoria as having potential for copper, other base metals and gold mineralisation. The grant funding is provided on an industry-matched basis to mineral exploration companies to further enhance the understanding of potential mineral deposits in western Victoria, with the view that the investment will generate jobs, economic and other flow-on benefits to the region. The TARGET grants will cover up to half the cost of eligible exploration activities, including geophysical surveys, drilling and sample analysis, with the companies funding the balance by their own means.

Major porphyry/ intrusive-related and VMS copper-gold, as well as mesothermal to epithermal gold exploration targets identified by the Company at its Stavely, Ararat and Yarram Park Projects will be tested in the next twelve months following the receipt of the co-funding commitments.

The Company distributed credits of $748,000 (30% of the Company's eligible 2014- 2015 exploration expenditure of $2.49 million) to Shareholders in June 2016. The exploration credits were distributed to Shareholders pro-rata relative to the number of shares held and the total shares on issue (95,490,593) on the Record date of 18 May 2016. The EDI enables eligible exploration companies to create exploration credits by giving up a portion of their carried forward losses from eligible exploration expenditure and distributing these exploration credits to equity shareholders.

The EDI is intended to encourage shareholder investment in exploration companies undertaking greenfields mineral exploration in Australia.

Review of Operations

Background

The Ararat and Stavely 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 Victorian projects include exploration tenements with a total area of 392 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 Stavely Project. The primary land use is grazing and broad acre cropping.

The Ravenswood Project is located 90km south of Townsville and 10km south west of Ravenswood in North Queensland. The Mingela- Ravenswood - Burdekin Dam road passes down the eastern boundary of the project (Figure 2).

The Queensland Project includes a granted exploration licence with an area of 241 square kilometres and an exploration licence application covering 55 square kilometres. The topography is made up of rolling hills alternating with sandy flats. The Burdekin River parallels the southern boundary of the project. Access within the tenements is by 4WD via station tracks.

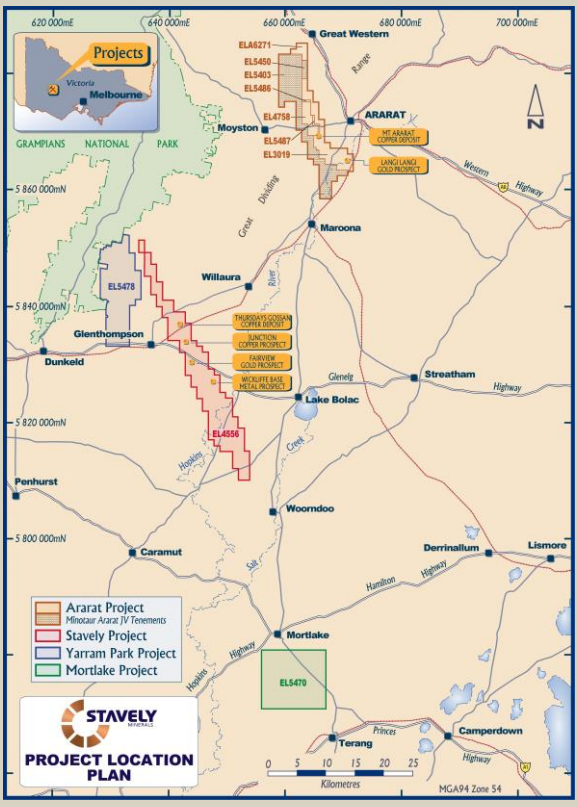

Figure 1. Stavely, Yarram Park and Ararat Project Location Plan.

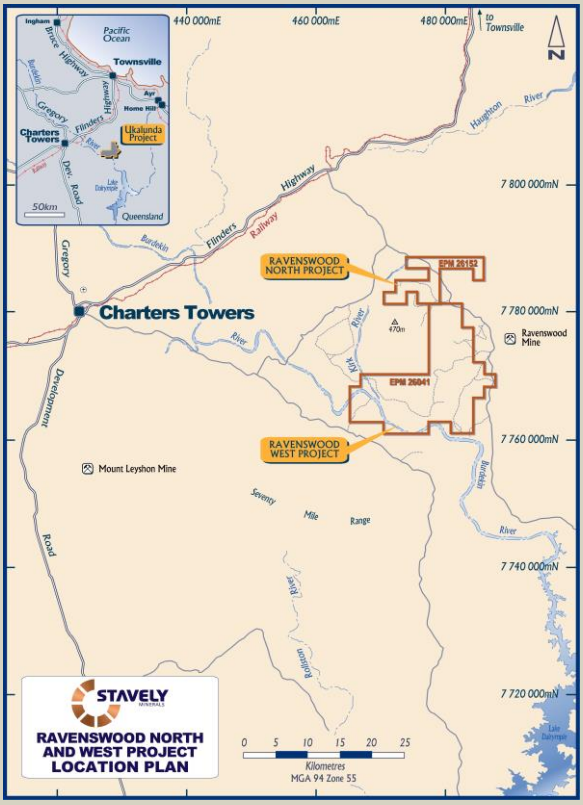

Figure 2. Ravenswood Project Location Plan.

Regional Geology Western Victoria

The Ararat and Stavely Projects, while only 40 kilometres apart, are hosted within materially different geologic domains (Figure 3).

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 Stavely 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 Stavely Arc beneath the Stavely 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

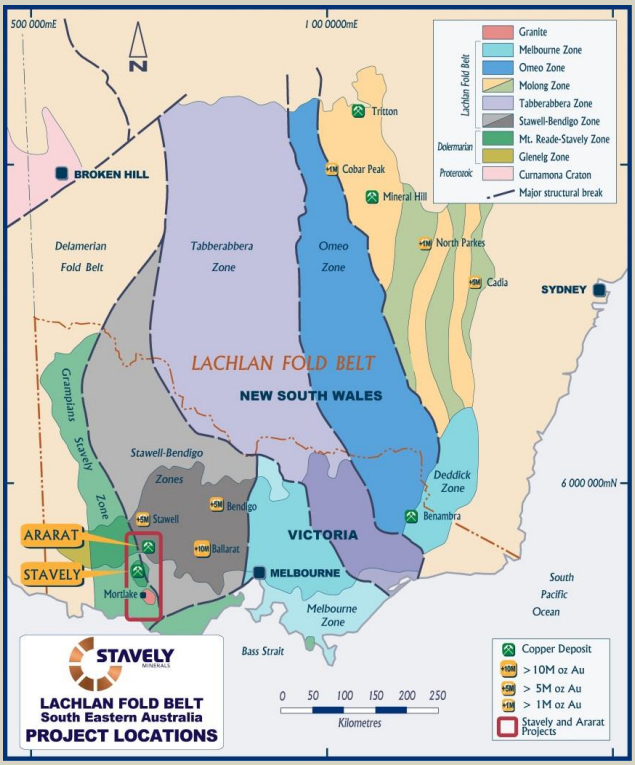

Figure 3. Geology of south-eastern Australia.

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

Regional Geology North Queensland

The dominant rock types within the Ravenswood Project are typically I-type calcic hornblende-biotite granodiorite to tonalite of the Ravenswood Batholith of Middle Silurian to Middle Devonian age (Figure 4).

A major structure, the Mosgardies Shear Zone, cuts east-west through the Ravenswood Batholith adjacent to three gold centres. The shear zone is up to 2.5km wide. The main reef at Ravenswood, the ”Buck Reef”, is contained within the Mosgardies Shear Zone. The majority of faults in the area are transverse to the Morgardies Shear Zone and trend 30° to 40° either side of north. The bulk of the auriferous quartz reefs and leaders are hosted by shears with NW to NS orientation.

Mineralisation is associated with shear hosted quartz veins and is dominated by pyrite-chalcopyrite-galena-gold. The veins are generally narrow and of limited strike length. This style of mineralisation is widespread but of low tonnage.

Copper as chalcopyrite (and molybdenum-gold) mineralisation is also associated with quartz porphyry stocks. Mineralisation is contained both in sparse quartz veins and disseminated within the intrusive.

More widespread phyllic (quartz-sericite) and potassic (biotite) alteration is reported suggestive of porphyry style alteration and mineralisation. This style of deposit offers bulk tonnage potential.

Cu-Au-Mo occurs in intrusive breccias (“pipes”) at Three Sisters and Mt Wright outside the project area. Paleoplacer gold deposits occur in Quaternary sediments on the flanks of Tertiary laterites.

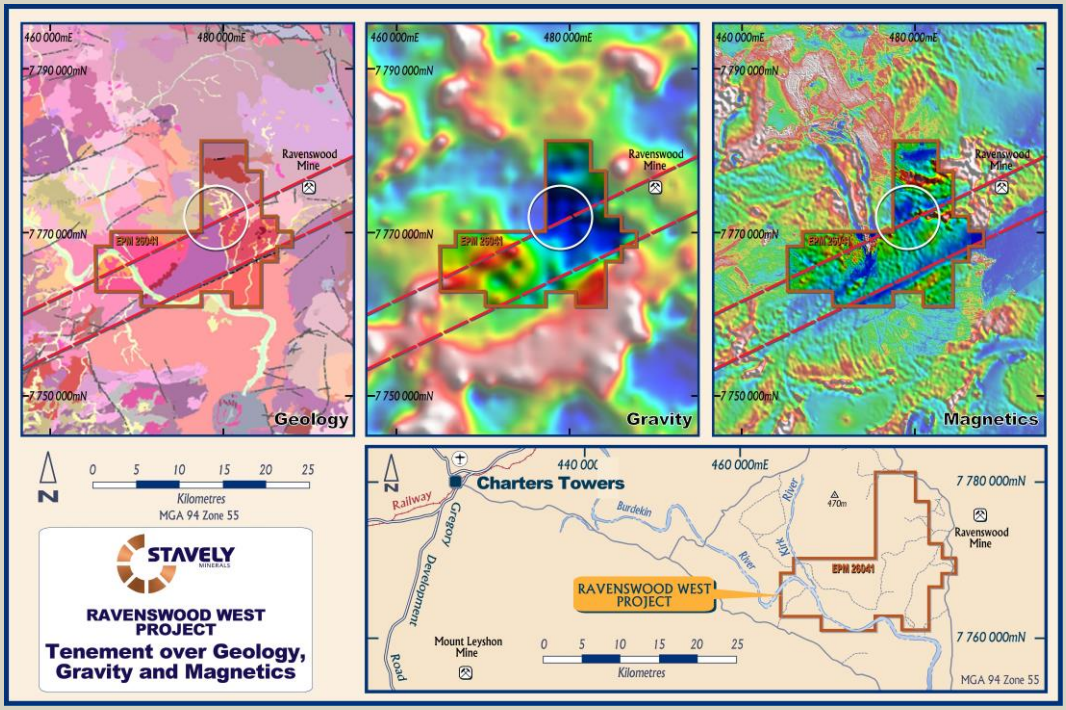

Figure 4. Ravenswood West Project – Tenement over Geology, Gravity and Magnetics.

Mineral Resources

The Ararat and Stavely 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).

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.

The Mt Ararat Copper Indicated and Inferred Resource Estimate, August 2016, remains unchanged from the Mt Ararat Copper Indicated and Inferred Resource Estimate, August 2015. There has been no additional drill data collected from the deposit and although economic circumstances affecting the mining industry have changed since 2015, the underlying assumptions utilised in 2015 Mineral Resource estimate remain valid.

(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 Mineral Resource Estimate remains unchanged from the Thursday Gossan Chalcocite Copper Inferred Resource Estimate, August 2013. There has been no additional drill data collected from the deposit and although economic circumstances affecting the mining industry have changed since 2013, the underlying assumptions utilised in the 2013 Mineral Resource estimate remain valid.

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.

Table 2. The Thursday Gossan Chalcocite Copper Inferred Resource Estimate (reviewed in 2016)

Thursday Gossan Chalcocite Copper August 2013 Inferred Resources *(JORC 2012 Edition)*					
Copper Mineralisation Subdivision		Lower Cu Cut (%)	Tonnes (MT)	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.

Ararat Project

The Ararat Project is prospective for VMS copper-gold-zinc-silver mineralisation as well as 'Stawell-style' and intrusion-related gold mineralisation.

Collection of regional gravity data, together with an induced polarisation (IP) survey and a soil geochemical sampling programme over the prospective stratigraphy in the Ararat Project successfully identified new base metal and gold targets (Figure 5).

A gravity survey covering an area of approximately 28 square kilometres provided important information with respect to the regional architecture and distribution of rock types in the area. IP data collected over the prospective horizons highlighted some significant chargeability anomalies at key prospects. 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.

Exploration was also conducted at two historic hard rock gold workings in the Ararat Project, namely the Remington and Honeysuckle Mines. An IP survey was conducted at the Honeysuckle prospect and an RC/ diamond drilling programme at the Remington Mine.

The regional soil and rock-chipping geochemical programme has been successful in identifying a number of new targets with the potential to host both VMS-style copper-gold-zinc mineralisation and 'Stawell-style' or intrusive related gold mineralisation.

A strong arsenic anomaly has been defined in the northern portion of the Ararat Project. The +20 ppm arsenic anomaly extends in excess of 2.8 kilometres and is predominantly located on the Minotaur Joint Venture tenement EL5450 (Figure 6).

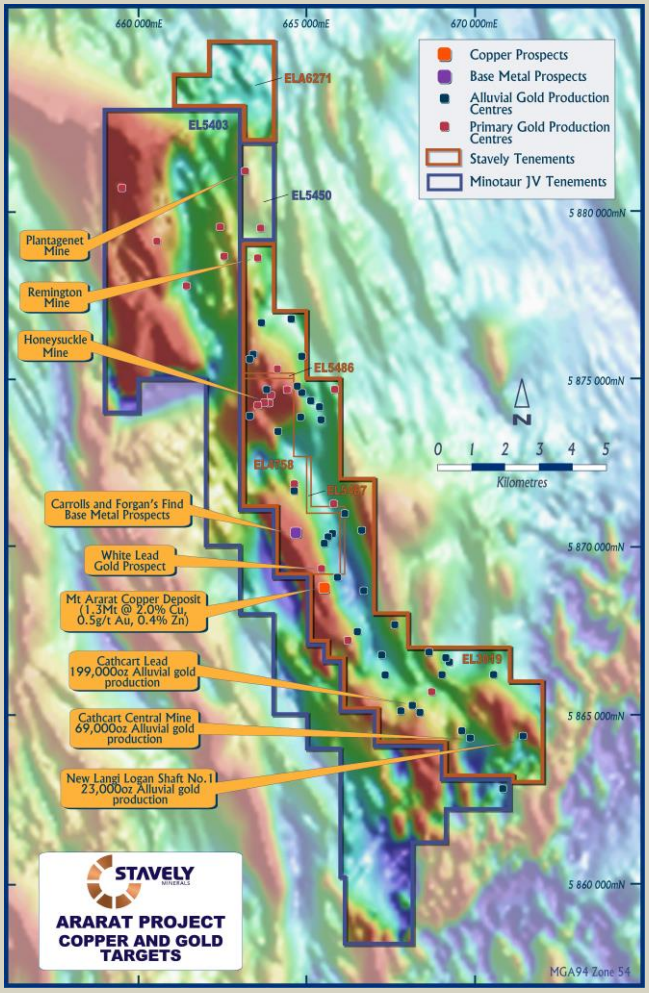

Figure 5. Ararat Project - Copper and Gold Targets.

Several of the soil samples in this area returned gold values in excess of 50 ppb, with peak values of 103 ppb (0.10 g/t) and 238 ppb (0.24 g/t). The gold-arsenic anomaly is coincident with three primary historic gold workings, namely the Plantagenet, New Hope and Goldburra Mines.

Anomalous gold values of 1.25 g/t and 1.41 g/t were returned from rock chip samples previously collected by Stavely Minerals in this area. An application has been made for an exploration licence (EL6271) immediately to the north of the Ararat Project to cover the extension of the anomalous soil geochemistry trend into the Stawell Granite (Figure 6). The current anomaly is a southern mirror image to the Stawell Gold Mine located on the northern margin of the Stawell Granite.

The regional sampling over the Curtis Diorite in the vicinity of the historic Honeysuckle Mine is incomplete but the limited results received to date have returned anomalous arsenic values up to 123 ppm.

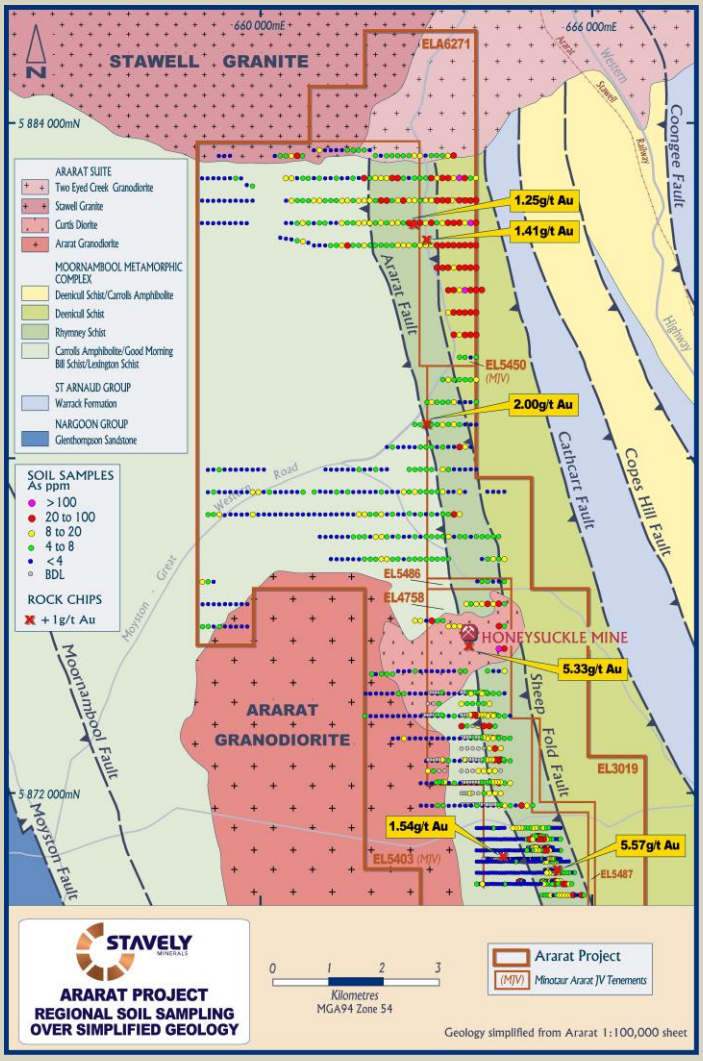

Figure 6. Ararat Project - Regional Soil Sampling over simplified geology.

i. 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 7). 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 that 400m below surface. Previous drilling has not tested this position. The drill hole was disappointing with no indication of the source of the IP chargeability anomaly and was not sampled.

ii. Carroll's and Forgan's Find Base Metal Prospects

A diamond hole was drilled at the Carroll's prospect to a depth of 321m to test a strong IP chargeability anomaly (Figure 7), which coincided with a 1.5km long x 500m wide zinc-copper soil geochemistry anomaly and a surface float sample which returned a value of up to 24% copper, 1.1% zinc and 0.52 g/t gold.

At Forgan's Find a diamond hole was drilled to a depth of 359.9m in November 2015 to test gossanous mineralisation identified at surface which fell within the 1.5km long x 500m wide zinc-copper anomaly (Figure 7). 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.

Narrow intervals of massive to stringer sulphides were intersected in the two drill holes. Drill sections are presented in Figures in 8 and 9. Results include:

- 0.2 metres at 1.77% zinc and 0.12% copper
- 0.25 metres at 0.57% zinc and 0.13% copper
- 0.25 metres at 0.41% zinc

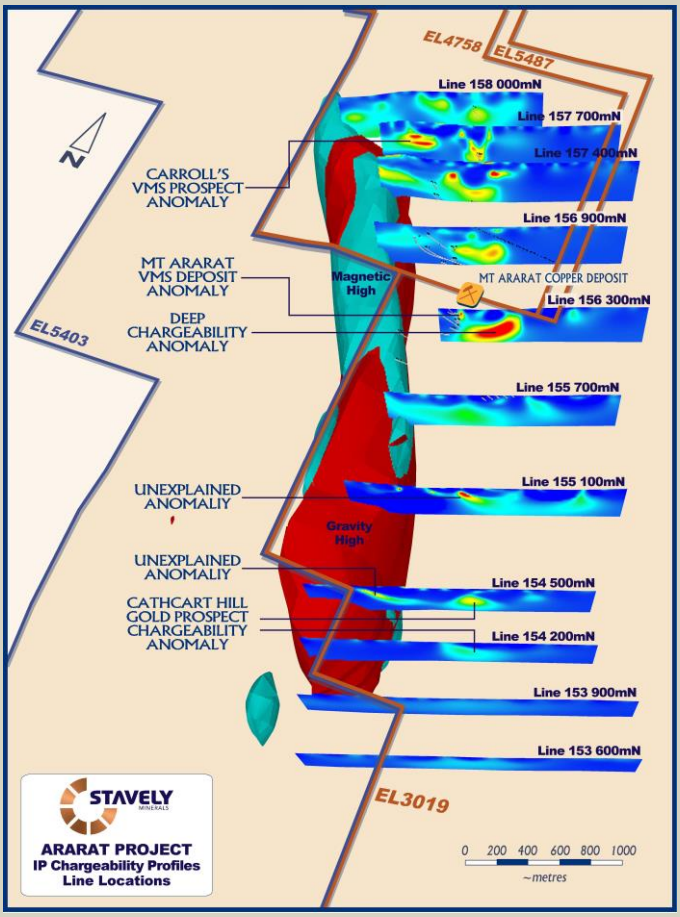

Figure 7. Ararat Project - IP Chargeability Profiles Line Locations.

iii. Cathcart Hill Gold Prospect

One RC hole drilled to a depth of 200m and two RC holes with diamond tails, drilled to depths of 305.7m and 302.6m respectively, were completed at the Cathcart Hill prospect to test IP chargeability features (Figure 7). 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.

Despite the abundant sulphide mineralisation intercepted, selective sampling of the drilling did not return any significant gold intercepts or any interesting pathfinder elements.

iv. Remington Mine Gold Prospect

The hard rock Remington Mine was discovered in 1895 and was reported as producing very high-grade material of up to 23 ounces per tonne (Figure 5). Six RC holes were drilled for a total of 686m to target the down dip extensions of the Remington Mine reef. Due to excess water, which would not have been able to be contained by the sumps, three of the RC holes had to have diamond tails to reach the target depth. The drill holes did intercept the targeted Remington Reef and Whitten Reef however the results were disappointing with no significant assay results received.

v. Honeysuckle Mine Gold Prospect

There are a number of historic mines, including the Honeysuckle Mine, hosted within a late-phase intrusive granite in the Ararat Project (Figure 6). Field investigations have identified alteration which may indicate the presence of a reasonably sized gold mineralised system, although historic mining focussed upon narrow, high-grade reefs.

Gold in the Honeysuckle area was discovered in 1897 and grades of 7.5 g/t gold were reported. With the gold being hosted within an intrusive, Induced Polarisation (IP) is likely to be effective in identifying sulphides potentially associated with gold mineralisation.

IP data was collected on four lines over the Curtis Diorite in the Honeysuckle Mine area. Processing of the data and integration with magnetic and gravity data has led to the identification of a number of chargeability features which are considered worthy of follow-up.

Previous rock chip sampling by the Company in the vicinity of the Honeysuckle Mine returned a gold value of 5.33 g/t. Additional IP data will be collected prior to the selection of drill targets.

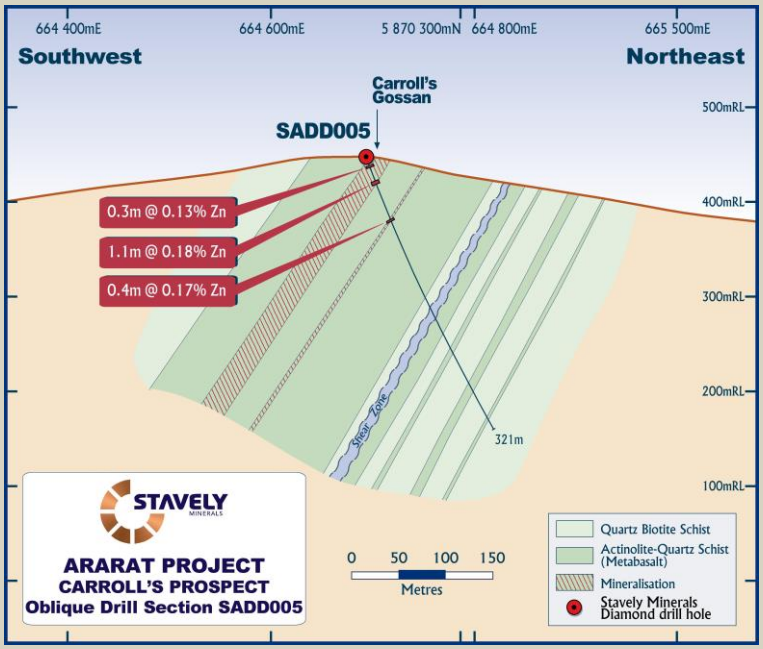

Figure 8. Ararat Project - Carroll's Prospect Oblique Drill Section SADD005.

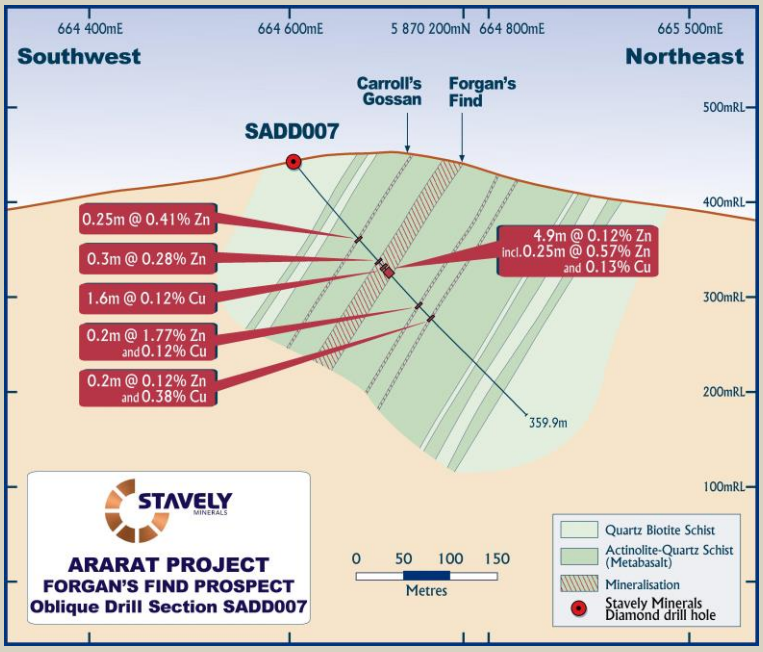

Figure 9. Ararat Project - Forgan's Find Prospect Oblique Drill Section SADD007.

Stavely Project

The Stavely Project hosts several significant opportunities for discovery of porphyry copper-gold and VMS base-metals +/- gold deposits.

During the year the Company conducted additional IP at the Thursday's Gossan Porphyry prospect, soil sampling at the Mount Stavely Porphyry prospect and a conceptual study on the potential for copper concentrate production from the chalcocite-enriched supergene 'blanket' at the Thursday's Gossan copper deposit (Figure 10).

The conceptual study demonstrated sufficient positive outcomes with respect to net revenue and Net Present Value, as well as an attractive Internal Rate of Return, for Stavely Minerals to proceed to a scoping study. There are as not yet reasonable grounds to support the discussion of the projected economic outcomes in detail. The key elements of the conceptual study including:

- An average feed grade of 0.5% copper;
- A sulphide flotation recovery of 87% (based on metallurgical testwork); and
- A sulphide concentrate grade of 27% copper (based on metallurgical testwork) producing a very 'clean' concentrate with low deleterious elements.

Financial assumptions included:

- World Bank forecast copper prices (Figure 11);
- A range of A$/ US$ exchange rates of A$1 = US$0.60 to US$0.75

The conceptual study identified a number of opportunities to enhance project economics including:

- Increasing the size of the resource – recent drilling has identified chalcocite copper mineralisation outside the current Mineral Resource. Stavely Minerals' drill hole SMD004 intersected 52m at 0.23% copper from 39m downhole depth. This intercept is located approximately 400m to the west of the existing Mineral Resource and illustrates the potential for material increases;
- Reducing the assumed mining and milling costs by investigating the suitability of using continuous surface mining equipment. The attraction of the mining method is that it is well suited to long and wide, flat-lying mineralisation; the oxidized nature of the mineralisation is well suited to this mining method; the product is already partially comminuted and reduces the need for primary crushing; and this mining method can be very selective in the vertical dimension.
- Reducing the processing costs through lowering reagent usage and by streamlining the processing flowsheet – the Scoping Study will investigate the potential to beneficiate the mineralised from un-mineralised clays prior to flotation of the sulphide concentrate amongst other processing enhancements.

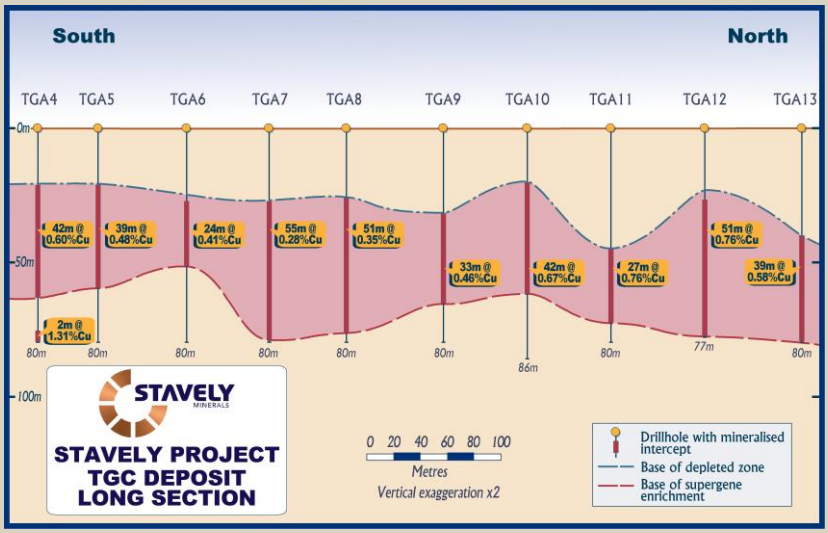

Figure 10. Stavely Project – Thursday's Gossan Long section of the chalcocite-enriched copper mineralisation 'blanket'.

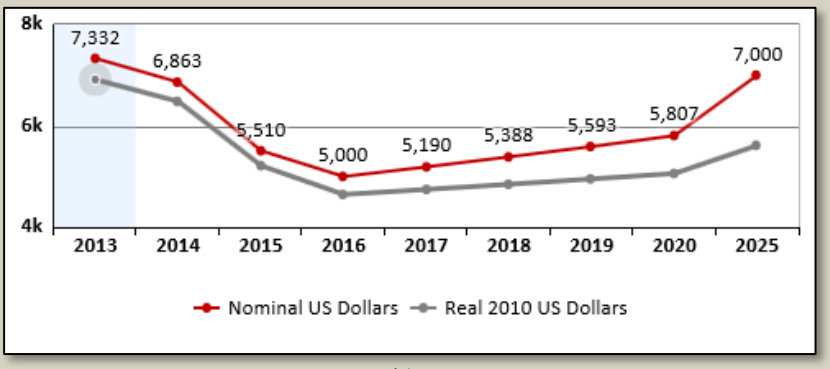

Figure 11. World Bank Copper Price, US$/t (June 2016).

i. Thursday's Gossan Porphyry Prospect

Additional IP data was collected at the northern end of the prospect in order to better resolve targets beneath the low-angle structural offset, identified in drilling by Stavely Minerals in 2014. The areas to the north and east of previous drilling by Stavely Minerals are considered to have the greatest potential for discovery of copper-gold mineralisation associated with resurgent porphyry intrusion.

Deep drilling conducted by Stavely Minerals and previous explorers has provided a geological vector to the metal-rich potassic 'core' of the porphyry system. Three diamond drill holes have been planned at the Thursday's Gossan Porphyry prospect to target the 'core' where the best developed copper and gold grades could be expected and have yet to be discovered (Figure 12). Geophysical information gained from the IP surveys and geological and geochemical evidence obtained from the diamond core including structural investigation, 3D modelling, spatial analysis of alteration and mineralogy, as well as sulphur isotopes has been used to design the drilling programme.

ii. Mount Stavely Prospect

The Mount Stavely porphyry copper-gold target is reflected as a 'low' in the gravity data and as a 'low' in the airborne magnetic data which is interpreted to reflect respectively as a porphyry intrusive at depth and magnetic destructive hydrothermal fluid alteration. Proximal gold mineralisation at the Fairview gold prospect is interpreted to be mesothermal to epithermal style gold mineralisation. An IP survey, conducted in 2014 in the Mount Stavely area returned a chargeability feature which is slightly offset to the north-east from the gravity low.

Soil samples were collected at the Mount Stavely prospect for primary analysis using a Niton™ portable XRF analysis with gold analysis through ALS. The Niton™ results show an arsenic anomaly in the immediate vicinity of the topographic high at Mount Stavely (Figure 13) possibly indicating a higher-level within the system. The Niton™ results show an elevated molybdenum response which is coincident with an IP chargeability anomaly (Figure 14). A coincident anomalous gold value of 49 ppb was also returned in this area. As the chargeability feature with Mo-Au geochemical support overlies the Williamson Road Serpentinite (not expected to have a high Mo-Au background signature), they are interpreted to be associated with a buried porphyry. A diamond drill hole has been planned to test for intrusion-related copper and gold mineralisation.

Yarram Park Project

The Yarram Park Project is located within an area where interpretation of the regional aeromagnetic data has identified the presence of an offset portion of either the Mount Stavely Belt, or the Bunnagul Belt, beneath the Quaternary cover (Figure 15). Both the Mount Stavely Belt and the Bunnagul Belt are considered to be highly prospective for intrusive-related porphyry copper-gold and diatreme-hosted gold mineralisation.

IP data was collected at the Toora West prospect in the Yarram Park Project.

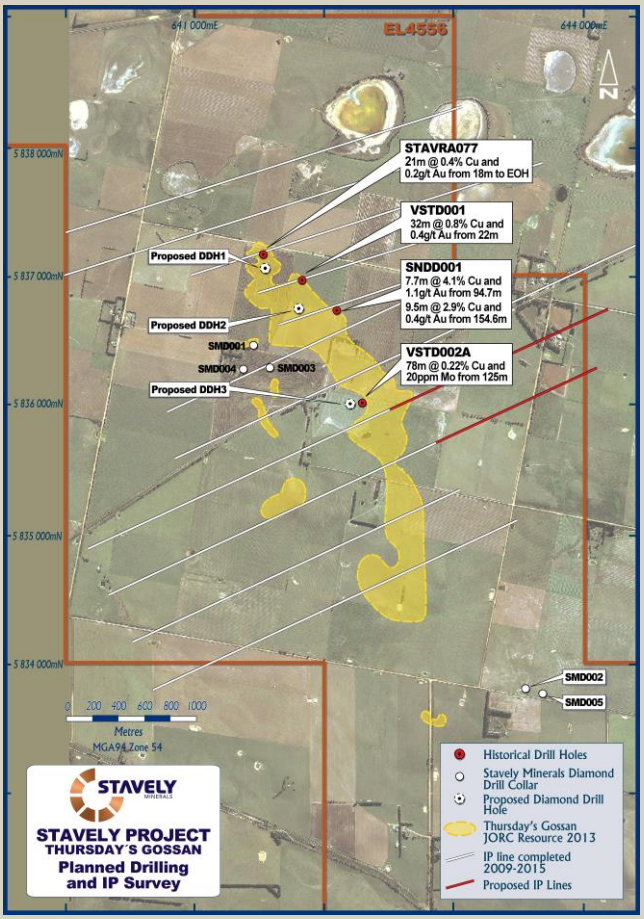

Figure 12. Stavely Project – Thursday's Gossan Planned Drilling and IP Survey.

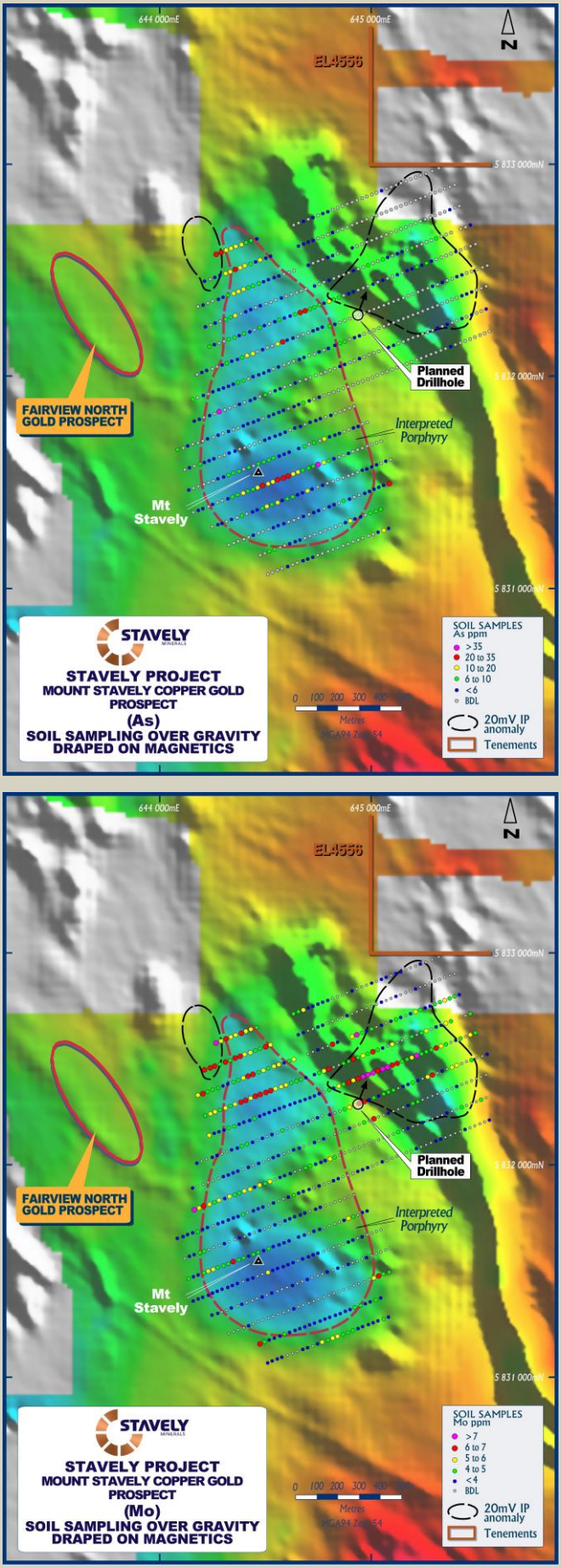

Figure 13 & 14. Stavely Project – Mount Stavely Copper Gold Prospect soil geochemistry over gravity draped on magnetics. Top image arsenic geochemistry, bottom image molybdenum.

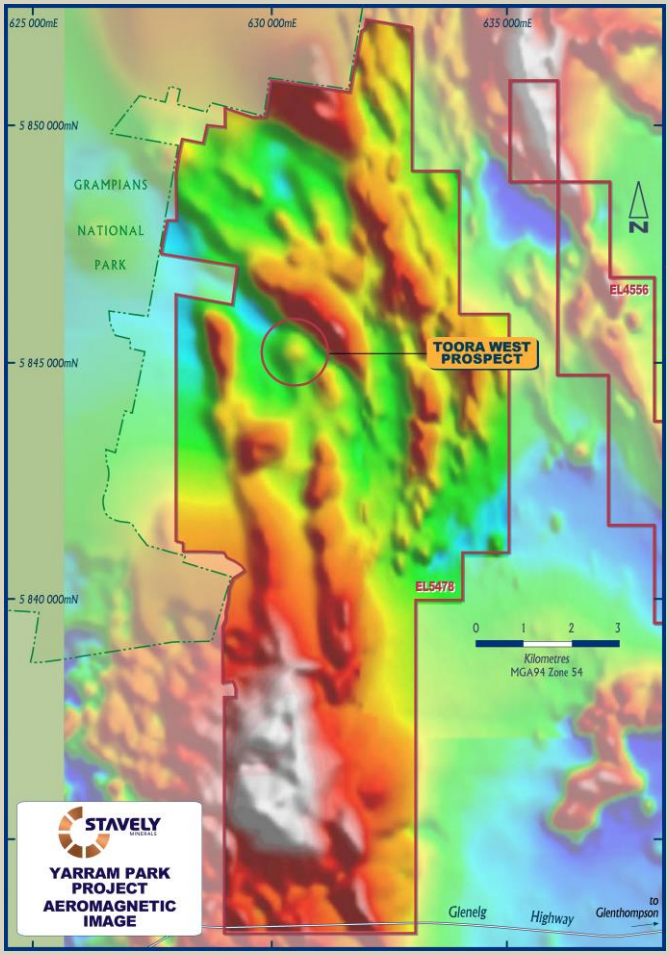

Figure 15. Yarram Park Project - Aeromagnetic Image.

i. Toora West Prospect

A coincident gravity low with peripheral and central magnetic highs was identified within the Cambrian aged volcanics at the Toora West prospect.

Mineralisation in porphyry copper-gold and diatreme-hosted deposits is commonly associated with magnetite that can produce strong discrete peripheral and central magnetic anomalies. Porphyry intrusions and diatremes are commonly less dense than the surrounding country rocks and produce a gravity low.

The IP completed over the coincident gravity low and magnetic high identified a pair of chargeability features on both survey lines. The IP chargeability features correlate with the margins of the small magnetic high at the core of the gravity low which itself is enclosed within a magnetic high annulus and makes this prospect a very attractive conceptual geologic target and a priority for drill testing (Figure 16).

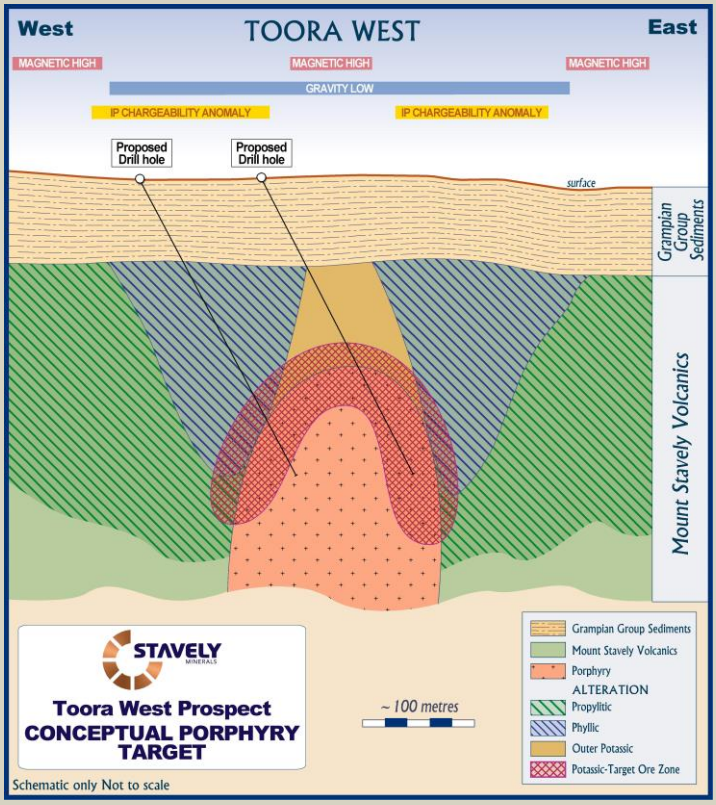

Figure 16. Yarram Park Project - Aeromagnetic Image.

Ravenswood Project

The Ravenswood Project is highly prospective for gold-copper exploration, with excellent potential for orogenic and intrusive-related gold mineralisation, as well as having four porphyry copper-molybdenum-gold prospects identified (Figure 17).

The presence of high-grade gold mineralisation at the Podosky's prospect (located on a small excised Mining Lease held by Kitchener Mining NL) highlights the gold potential in the area. Significant high-grade drill intercepts include:

- 6 metres at 16.7 g/t gold from 14m depth in drill hole PDR-2
- 6 metres at 13.38 g/t gold from 26m depth in drill hole PDR-9
- 5 metres at 12.06 g/t gold from 29 depth in drill hole PDR-23.

The Ravenswood West Project has four identified porphyry copper-molybdenum-gold prospects – The Bank, Keane's, Barrabas and Turkey Gulley , none of which have been drilled since the early 1970's. Surface rock chip results of up to 19% copper, 0.24 g/t gold, 0.2% molybdenum and 1,793 g/t silver have been returned from these prospects.

Historical drill results from the Keane's molybdenite prospect include:

- 45 feet 3 inches (13.8m) at 0.26% molybdenum
- 1 foot 7 inches (0.38m) at 2.26 ounces (70.3 g/t) silver per tonne
- 9 feet (2.74m) at 9.6 pennyweight of gold plus silver (15 g/t) of which 0.58 g/t was gold.

The Project area is underlain by a large gravity low which is interpreted to reflect a large intrusive body at depth, and is likely to be the source intrusion for the multiple phases of higher-level porphyry intrusions (Figure 4).

In conjunction with very strong regional structural trends, the Ravenswood West Project is considered to have excellent potential for porphyry, diatreme and intrusive-related mineralisation.

Early stage rare earths potential identified with very anomalous stream sediment sample results up to 0.25% cerium, 0.14% lanthanum and other rare earth elements are yet to be followed up.

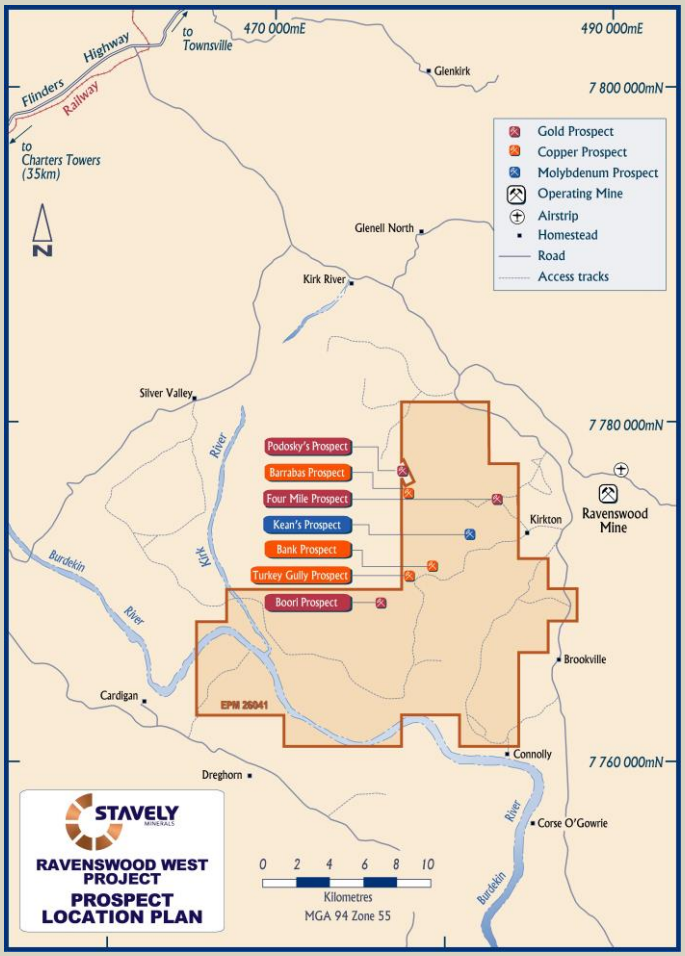

Figure 17. Ravenswood West Project – Prospect Location Plan.

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 consented to the inclusion in the Stavely Minerals' 2015 Annual Report of the matters based on his information in the form and context in which it appears.

As there has been no new information generated from the Mineral Resource areas, Mr Cairns has reviewed the underlying assumptions in the 2015 Mineral Resources reports and finds that there have been no material changes and that the underlying assumptions and technical parameters remain valid. There are therefore no changes to the Mineral Resources estimates from this annual review.

Stavely Minerals' policy for Mineral Resources estimates is to have the estimates done by suitably qualified and experienced external consultants and have these estimates reviewed internally by suitably qualified and experienced Stavely Minerals' personnel.

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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				
		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 estimate:

- was 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

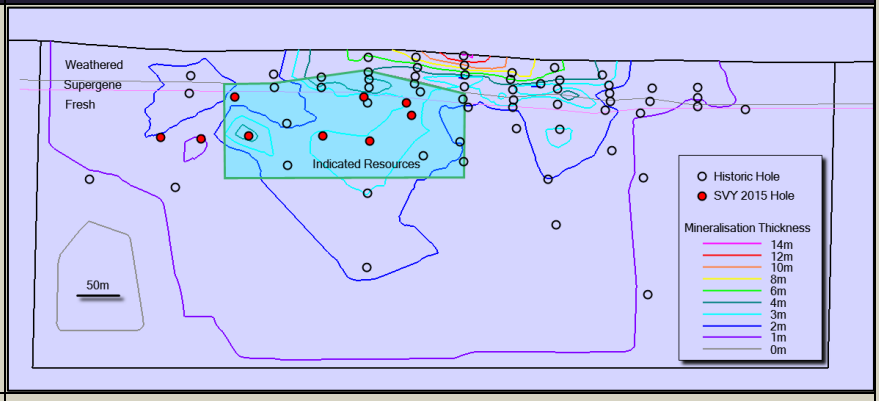
<table>
<tr><th>Criteria</th><th>Explanation</th></tr>
<tr><td>Sampling techniques</td><td>Resource estimate underpinned by diamond drilling (DD) and reverse circulation drilling (RC) drilling samples.</td></tr>
<tr><td>Drilling techniques</td><td>· Drilling details for the Mount Ararat resource drillhole dataset
<table>
<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>
<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>
</table>
·</td></tr>
<tr><td>Drill sample recovery</td><td>· No detailed information or data:
· 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.</td></tr>
<tr><td>Logging</td><td>· lithological drill logs generated by workers but not utilised in generating resource estimate.</td></tr>
<tr><td>Sub-sampling techniques and sample preparation</td><td>· Pennzoil: Half-core samples were taken from core showing visible mineralisation.
· Centaur Mining:
o MA24 to MA38: Half-core samples were taken from core showing visible mineralisation. Sample reduction process unknown.
o 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.
o M94_1 to M94_4: Half-core samples were taken from core showing visible mineralisation. Sample reduction process unknown.
· Beaconsfield Gold:
o ARD001 to ARD004: diamond drilling – sampling method and reduction unknown.
o ARC001 to ARC006: 84mm RC chips. Sample collected by passing through 3 tiered riffle splitter. Sample reduction process unknown.
· Stavely Minerals:
o SADD001 to SADD003: diamond drilling – ½ HQ core sampled by core saw. Crush-split and pulverise to 85% passing -75micon
o SARC00[1,2,4 - 9]: RC drilling – cone splitter. Crush-split and pulverise to 85% passing -75micon</td></tr>
<tr><td>Quality of assay data and laboratory tests</td><td>· Pennzoil: A base metal suite was assayed via AAS (digestion not specified) and Au was assayed via fire assay.
· Centaur Mining:
o MA24 to MA38: A base metal suite was assayed via AAS (digestion not specified) and Au was assayed via fire assay.</td></tr>
</table>

Criteria	Explanation
	○ MA39A to MA58: A base metal suite was assayed via AAS *(digestion not specified)* and Au was assayed via fire assay. ○ M94_1 to M94_4: A base metal suite was assayed 4 acid digest with AAS finish and Au was assayed via fire assay. · Beaconsfield Gold: ○ 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 *(details unknown)* with AA finish. Au by PE01S - 25g Fire Assay. ○ 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 *(details unknown)* with AA finish. Au by PE01S - 25g Fire Assay. · No quality control samples submitted with any historic routine samples · Stavely Minerals: ○ 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 >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.
Verification of sampling and assaying	· No available data available for analysis
Location of data	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. 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.
Data spacing and distribution	· Within the central 500m of mineralisation (strike length): ○ Oxide mineralisation – drill tested on 50m centred section lines ○ Fresh Indicated Resources –tested at nominal 50m centres. · Other areas and mineralisation extent tested by 8 holes
Orientation of data in relation to geological structure	· Holes drilled at 9degrees (Azimuth) to planar mineralisation. · Holes angled mostly between 50 and 70 degrees easterly. Mineralised plane dips westerly ~60degrees
Sample security	· No available data to assess security
Audits or reviews	· GPS checking of 9 hole collar locations · Basic checking of data integrity

Section 2: Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	· 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. · Tenements currently held by Stavely Minerals Limited · Stavely Minerals have informed HA that the licences are in good standing.

<table>
<tr><th>Criteria</th><th>Explanation</th></tr>
<tr><td>Exploration done by other parties</td><td>· Pennzoil: 12 holes drilled into mineralisation.
· Centaur Mining: 38 holes drilled into mineralisation.
· Beaconsfield Gold: 10 holes drilled into mineralisation
· Stavely Minerals: 9 holes drilled into mineralisation</td></tr>
<tr><td>Geology</td><td>· Steeply westerly dipping, single planar massive sulphide horizon (historically described as VMS)</td></tr>
<tr><td>Drill hole Information</td><td>· 82 holes drilled in the prospect area, 64 holes intercepted mineralisation, 5 holes define the strike extent of mineralisation.
· Collar locations verified as acceptable through field checking of 9 holes
· Downhole surveys for describing hole trace and sample locations available for 32 holes:
<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>
· Assaying of those samples logged with visible sulphide mineralisation
· Lithology logs available for all holes
· Oxidation state available for 34 Centaur Mining holes.
· Summary moisture data available for 18 Centaur Mining RC holes.
· 39 SG measurements taken from 4 Beaconsfield Gold holes ARD[001-004]</td></tr>
<tr><td>Data aggregation methods</td><td>· Assay sample intervals:
<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>
· Composited to 1m intervals for resource estimate.</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>· No apparent association when data assessed by drill type and mineralisation style breakdown.
· Significant relationship differences when assessing DD vs RC holes:
<table>
<tr><th rowspan="2">Drill Type</th><th rowspan="2">Number of Holes</th><th rowspan="2">Total Metres</th><th rowspan="2">Average Intercept</th><th colspan="4">Average Grade (ppm)</th></tr>
<tr><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>
○ Smearing and/or preferential loss and/or cross-contamination of samples may be present in RC drill sample assay dataset.
○ Preferential loss of friable non-mineralised material may have biased the DD drill sample assay dataset
○ Both the RC and DD datasets may be preferentially weighted by material with significantly different tenor of in situ grade</td></tr>
<tr><td>Diagrammes</td><td>· Historic cross sections and plans were reviewed
· Long section thickness and drillhole intercept figure:</td></tr>
</table>

Criteria	Explanation
	
Balanced reporting	· 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.
Other substantive exploration data	· A further 53 holes have been drilled within the exploration tenements.
Further work	· 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.

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Explanation
Database integrity	Data management protocols and provenance unknown Limited cross checks with paper records of drill hole and assay data Field verification of 9 hole collar locations. Relational and spatial integrity assessed and considered acceptable.
Site visits	Not undertaken by CP Stavely Minerals' personnel verify existence of core. CP has viewed photos of chip trays with mineralisation taken by Stavely Minerals' Personnel.
Geological interpretation	Single planar mineralised massive sulphide body interpreted and modelled for grade interpolation. Oxide state modelled and utilised for reporting of resource estimate.
Dimensions	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) The block model and grade estimate encompasses the extent of the mineralisation.
Estimation and modelling techniques	Copper, gold, silver and zinc grades were interpolated into a Vulcan™ non-regular block model with 10x10x10 metre parent blocks – subblocked to 1x1x1 metre minimum block dimensions. 1m composite intervals utilised. Grades greater than: 6%Cu, 2.50ppmAu, 15ppmAg, 1%Zn,

Criteria	Explanation
	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^3 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, 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 Cut (%)**	**Tonnes (MT)**	**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.

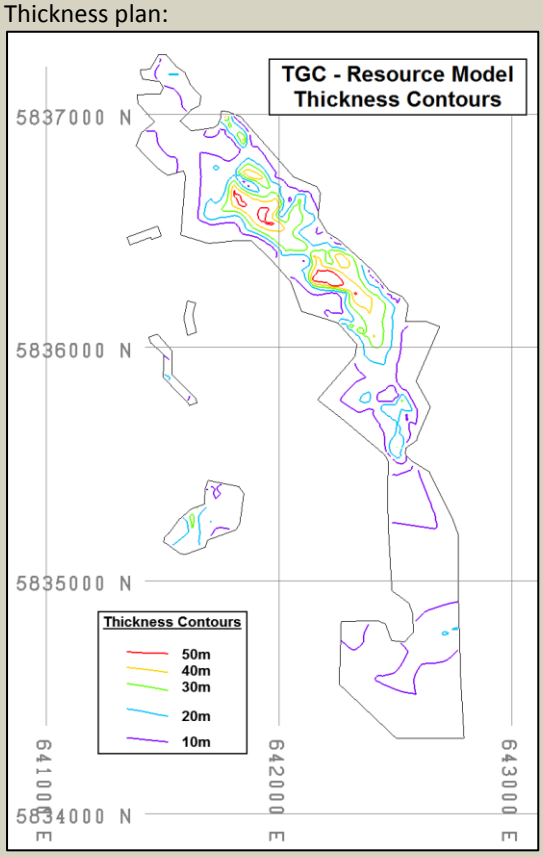
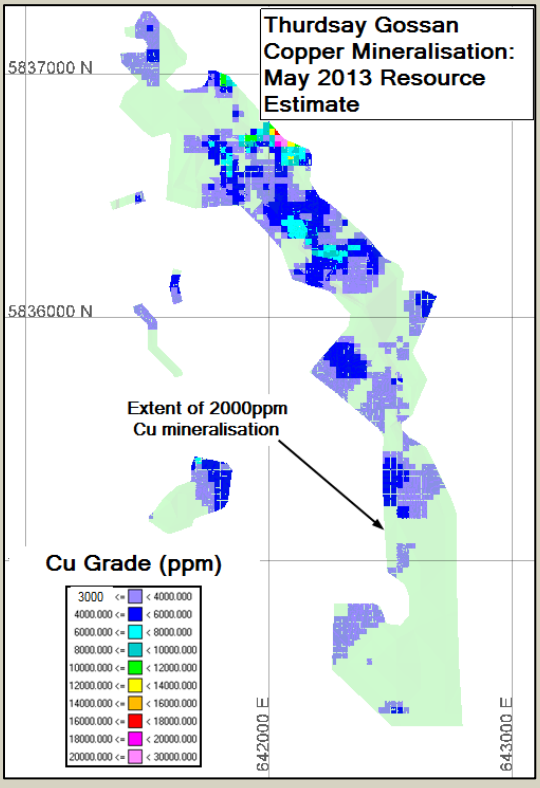
Section 1: Sampling Techniques and Data

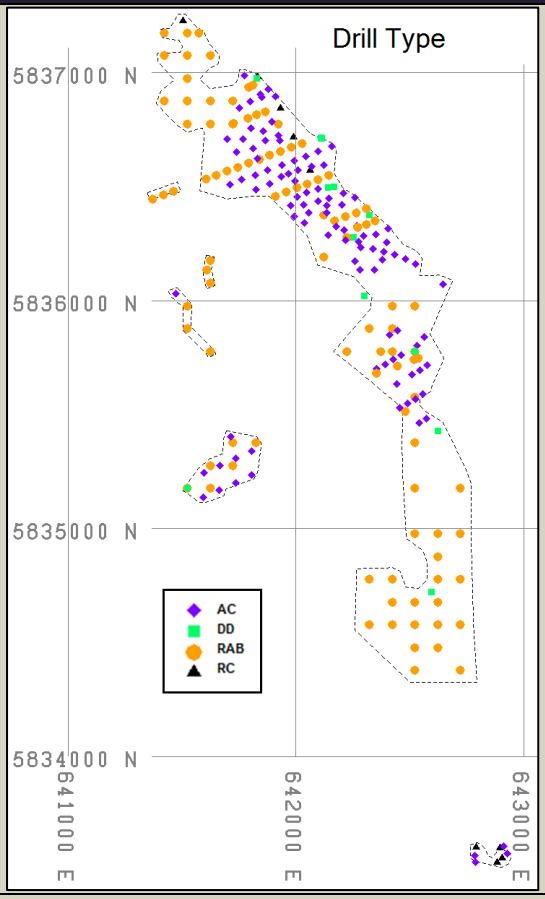
<table>
<tr><th>Criteria</th><th>Explanation</th></tr>
<tr><td>Sampling techniques</td><td>Resource estimate underpinned by diamond drilling (DD), aircore drilling (AC), reverse air blast drilling (RAB) and reverse circulation drilling (RC) samples:
Pennzoil (1 RC, 14 RAB holes): 2m Samples selected where mineralisation observed. 13 RAB holes sampled every alternate 2m intervals. No details on sampling methods.
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.
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.
TGM Group (26 AC): No details.</td></tr>
<tr><td>Drilling techniques</td><td>Drilling details for the TGC resource drillhole dataset
<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 colspan="2">Total All Drilling</td><td>225</td><td>32</td><td>51</td><td>20</td><td>3697</td></tr>
</table></td></tr>
<tr><td>Drill sample recovery</td><td>Recovery data available for 2 DD holes.</td></tr>
<tr><td>Logging</td><td>Lithology logs through mineralisation available for all holes.
Incomplete oxidation-state and interval colour logging (utilised to determine base of supergene zone).</td></tr>
<tr><td>Sub-sampling techniques and sample preparation</td><td>Pennzoil (1 RC, 14 RAB holes): No details on sampling and sample preparation methodology.
North (4 DD, 1 AC, 85 RAB) and Newcrest (3 DD): No details sample preparation methodology.
Beaconsfield Gold (2 DD, 78 AC): No information on sample preparation methodology.
TGM Group (26 AC): No details</td></tr>
<tr><td>Quality of assay data and laboratory tests</td><td>Pennzoil (1 RC, 14 RAB holes): A base metal suite was assayed via AAS (digestion not specified) and Au was assayed via fire assay.
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 assay.
Beaconsfield Gold (2 DD, 78 AC): OnSite Laboratory Services (Bendigo)</td></tr>
</table>

Criteria	Explanation
	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. 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. 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. 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: 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. 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.
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	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.
Data spacing and distribution	Area showing the thickest and highest tenor of mineralisation tested at nominal 50m centres by predominantly vertical holes. Areas less well mineralised tested mostly at 100m centres by vertical drillholes
Orientation of data in relation to geological structure	Drill orientation appropriate for testing of flat-lying mineralisation 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.
Sample security	No available data to assess security
Audits or reviews	Basic checking of data integrity

Section 2: Reporting of Exploration Results

<table>
<tr><th>Criteria</th><th>Explanation</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>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.</td></tr>
<tr><td>Exploration done by other parties</td><td>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)</td></tr>
<tr><td>Geology</td><td>Supergene enrichment of hydrothermally altered host rocks, where fine grained chalcocite and covellite have partially replaced pyrite and chalcopyrite grains.</td></tr>
<tr><td>Drill hole Information</td><td>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:
<table>
<tr><th rowspan="2">Drill Type</th><th rowspan="2">Company</th><th colspan="5">Count of Sample Lengths</th></tr>
<tr><th>0 to 1m</th><th>1 to 2m</th><th>2 to 3m</th><th>3 to 5m</th><th>Total</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>AC Total</td><td></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>DD Total</td><td></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>RAB Total</td><td></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>RC Total</td><td></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>
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.</td></tr>
<tr><td>Data aggregation methods</td><td>Assays composited to 3m for resource estimation.</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>No obvious association other than, as expected with supergene mineralisation, globally thicker mineralisation has higher tenor of copper.</td></tr>
<tr><td>Diagrammes</td><td>No historic or client produced diagrammes available for review.</td></tr>
</table>

Criteria	Explanation
	Thickness plan:  Copper grade plan:  Drillhole plan:

Criteria	Explanation
	
Balanced reporting	Selective sampling of holes where mineralisation observed considered acceptable for estimating sulphide resources. 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) 66 of the 225 holes terminate within mineralisation; however surrounding holes adequately define the base of mineralisation.
Other substantive exploration data	A further 683 holes within and surrounding the prospect area were utilised for defining the resource mineralisation.
Further work	Evaluation of area for discovery of styles of mineralisation other than the defined supergene mineralisation.

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Explanation
Database integrity	Data management protocols and provenance unknown. Limited cross checks with paper records of drill hole and assay data. Relational and spatial integrity assessed and considered acceptable.
Site visits	Not undertaken by CP CP has viewed photos of chip trays with mineralisation taken by Northern Platinum Personnel.
Geological interpretation	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 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

Criteria	Explanation
	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^3 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 2016.

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: None.

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: None.

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).

COMPANY SECRETARY

Amanda Sparks
B.Bus, CA, F.Fin
Appointed 7 November 2013
Ms Amanda Sparks is a Chartered Accountant with over 28 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 Unlisted Options at 23 cents, expiry 1/12/2016**
W Plyley	22,000	1,000,000	2,500,000
C Cairns	15,007,419	5,032,258	4,500,000
J Murphy	3,467,097	1,561,290	2,000,000
P Ironside	30,157,419	5,032,258	1,000,000

DIVIDENDS

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

ENVIRONMENTAL ISSUES

The Group's environmental obligations are regulated by the laws of Australia. The Group 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. Stavely Minerals Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Stavely Minerals Limited	-	parent entity
Ukalunda Pty Ltd	-	100% owned controlled entity

Principal Activity

The Group's principal activity was mineral exploration for the year ended 30 June 2016. There were no significant changes in the nature of the principal activities during the year.

Operations review

Refer to the Operations Review on pages 4 to 33.

Summary of Financial Position, Asset Transactions and Corporate Activities
A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	Year 30 June 2016 $	Year 30 June 2015 $
Cash and cash equivalents held at year end	1,520,166	1,941,148
Net loss for the year after tax	(3,002,027)	(3,497,173)
Included in loss for the year:		
Exploration costs	(1,534,337)	(2,815,163)
Equity-based payments	(884,473)	-
Basic loss per share (cents) from continuing operations	(3.19)	(4.33)
Net cash (used in) operating activities	(1,700,195)	(3,490,417)
Net cash (used in) investing activities	(48,958)	(116,189)
Net cash from financing activities	1,328,171	1,331,037

During the year:

- On 6 July 2015, Stavely issued 85,700 new shares at an issue price of $0.35 as consideration for the extension of the Stavely Royalty Option with New Challenge Resources Pty Ltd.

- 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 pursuant to a Non-Renounceable Entitlement Issue. The options have an exercise price of $0.30 each and expire 30 June 2016. Gross proceeds raised totalled $1,583,181.

- 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 2016, 1,961,886 ordinary shares ($266,379) were issued pursuant to this agreement.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year are detailed on pages 4 to 33 of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group 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 Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, 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)

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

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

- provide competitive rewards to attract high calibre Executives;
- link Executive rewards to shareholder value; and
- in the future, will 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 Group 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 Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group 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 Group 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 Group'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 Group 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 cash 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.

Name	Term of agreement	Base annual salary exclusive of superannuation at 30/6/2016	Termination benefit
Directors			
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

* Salary adjustments were effective from 1 March 2015 and are ongoing.

E. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

	Year	Cash salary, directors fees, consulting fees, insurances and movement in leave provisions $	Post Employment Superannuation $	Total Cash and Provisions $	Share Based Options [1] $	Total including share based payments $
Directors						
W Plyley	**2016**	**-**	**-**	**-**	**170,953**	**170,953**
	2015	50,000	4,750	54,750	-	54,750
C Cairns	**2016**	**169,293**	**14,250**	**183,543**	**307,715**	**491,258**
	2015	239,818	20,583	260,401	-	260,401
J Murphy	**2016**	**94,832**	**8,550**	**103,382**	**136,762**	**240,144**
	2015	141,883	12,350	154,233	-	154,233
P Ironside	**2016**	**-**	**-**	**-**	**68,381**	**68,381**
	2015	20,000	2,330	22,330	-	22,330
Other KMP						
A Sparks[2]	**2016**	**-**	**-**	**-**	**-**	**-**
	2015	13,350	-	13,350	-	13,350
TOTAL	**2016**	**264,125**	**22,800**	**286,925**	**683,811**	**970,736**
	2015	465,051	40,013	505,064	-	505,064

[1] Equity based payments – options. These represent the amount expensed for options granted and vested in the 2016 year.
[2] Amanda Sparks is an external provider of company secretarial services and is no longer regarded as a KMP from 1 July 2015.

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

During the year the following options were granted as equity compensation benefits to Directors and other Key Management Personnel (2015: none). These options vested at grant date.

	Number of Options at 23 cents, expiry 1/12/2016	Value* per option at grant date $
Directors		
W Plyley	2,500,000	0.0684
C Cairns	4,500,000	0.0684
J Murphy	2,000,000	0.0684
P Ironside	1,000,000	0.0684

These options were granted to recognise the efforts of Stavely's directors and consultants and provide a retention incentive. It is important to note that in March 2015, all directors and staff agreed to reduce their salaries / fees in order to maximise cash for exploration expenditure. Issue of these Director options were approved by Shareholders at the Company's Annual General Meeting held on 18 November 2015.

* Value at grant date has been calculated in accordance with AASB 2 *Share-based Payment*. Stavely used a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Further details are in note 13 of the financial statements.

Shares issued to Key Management Personnel on exercise of compensation options
During the year to 30 June 2016, 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 2016	Balance at beginning of the year	Net change during the year	Balance at end of the year
Directors			
W Plyley	20,000	2,000	22,000
C Cairns	14,687,419	320,000	15,007,419
J Murphy	3,407,097	60,000	3,467,097
P Ironside	29,677,419	480,000	30,157,419
	47,791,935	862,000	48,653,935

All equity transactions with Key Management Personnel 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 2016	Balance at beginning of the year	Granted as remuneration	Granted as shareholder options	Expired during the year	Balance at end of the year	Exercisable
Directors						
W Plyley	1,000,000	2,500,000	1,000	(1,000)	3,500,000	3,500,000
C Cairns	5,032,258	4,500,000	160,000	(160,000)	9,532,258	9,532,258
J Murphy	1,561,290	2,000,000	30,000	(30,000)	3,561,290	3,561,290
P Ironside	5,032,258	1,000,000	240,000	(240,000)	6,032,258	6,032,258
	12,625,806	10,000,000	431,000	(431,000)	22,625,806	22,625,806

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 $141,375 (net of GST) was paid/payable for office rental and variable outgoings (2015: $123,164 (net of GST)).

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 $39,416 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2015: $39,048 (net of GST)).

Mr Chris Cairns and Mr Peter Ironside are directors of Ukalunda Pty Ltd. In February 2016, Stavely Minerals acquired Ukalunda Pty Ltd ('Ukalunda') for a purchase cost of $2. During the year, Ukalunda made loan repayments of $10,000 to Mr Chris Cairns and $19,040 to related parties of Mr Peter Ironside.

I. USE OF REMUNERATION CONSULTANTS

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

J. VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING

The Company received 99.69% 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.

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.

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
Unlisted Options	3,000,000	27 cents	01/12/2016
Unlisted Options	10,000,000	23 cents	01/12/2016

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

There are no matters or circumstances that have arisen since 30 June 2016 that have or may significantly affect the operations, results, or state of affairs of the Group 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 on page 45 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:

	2016	2015
Taxation and Corporate advice services	$5,700	$4,915

Signed in accordance with a resolution of the Directors.

Christopher Cairns
Managing Director

Dated this 2nd day of September 2016

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Australia

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

As lead auditor of Stavely Minerals Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 2 September 2016

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.

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for ensuring that the Group 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 Group, 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.

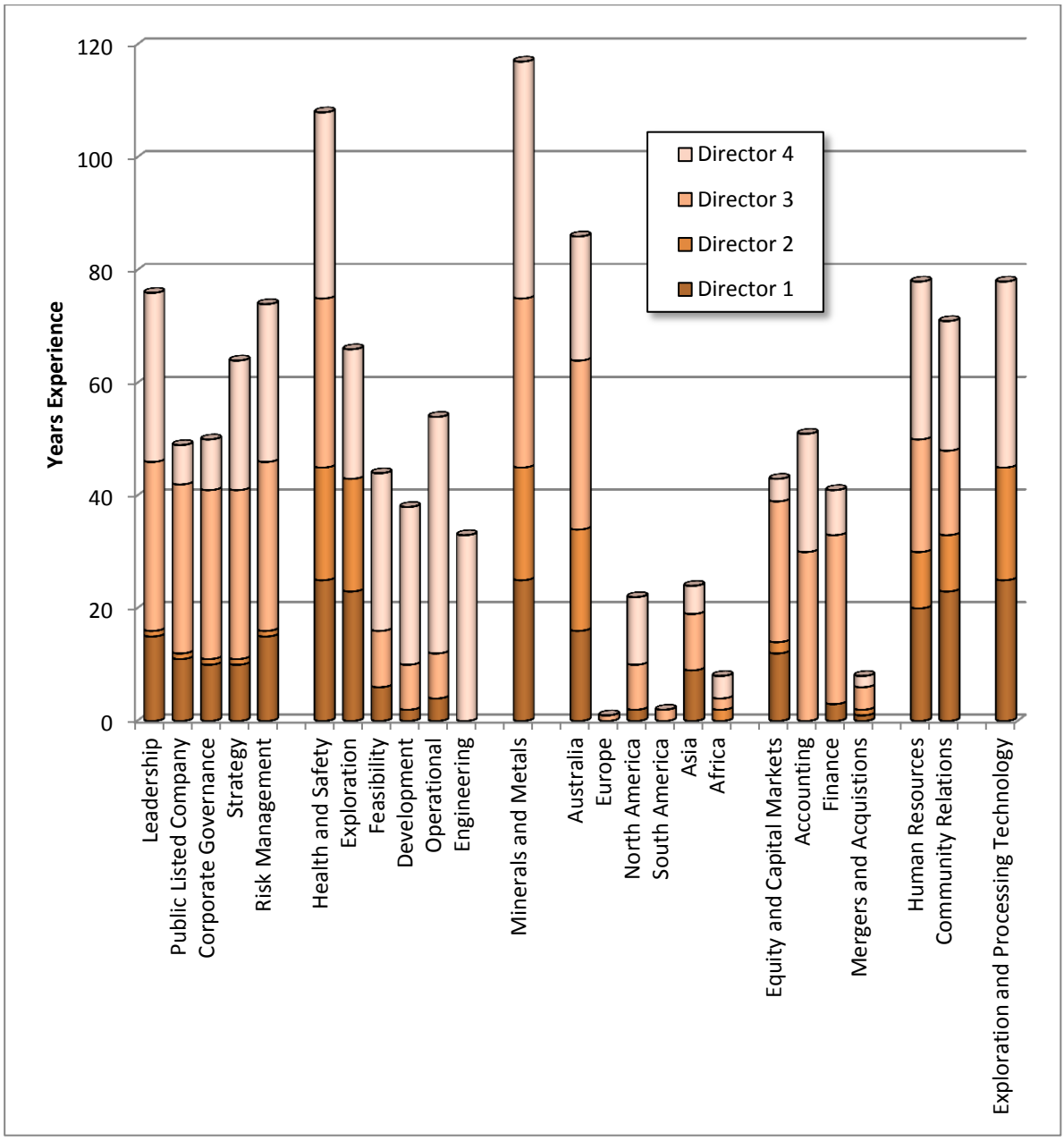
The Board has accepted the following definition of an independent Director:

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 additional 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 in June 2016.

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 in June 2016.

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	44%	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 2016. Details of attendance are disclosed in the Directors' Report. The Board reviewed the performance of this committee in June 2016.

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 21 June 2016.

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.

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 2016 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. Stavely personnel must receive written approval prior to any dealing in Stavely 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.

Stavely 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 Stavely.

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.

1. In the opinion of the directors:

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

      i) giving a true and fair view of the Group's financial position as at 30 June 2016 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 2016.

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

Christopher Cairns
Managing Director

Dated this 2nd day of September 2016

	Note	Consolidated Year ended 30 June 2016 $	Consolidated Year ended 30 June 2015 $
Revenue and Income			
Interest revenue		51,596	36,499
Rental sub-lease revenue		39,416	42,048
		91,012	78,547
Expenses			
Administration and corporate expenses	2(a)	(674,229)	(760,557)
Administration – equity based expenses	13	(884,473)	-
Exploration expensed	2(b)	(1,534,337)	(2,815,163)
Total expenses		(3,093,039)	(3,575,720)
Loss before income tax		**(3,002,027)**	**(3,497,173)**
Income tax expense	3	-	-
Loss after income tax attributable to members of Stavely Minerals Limited		**(3,002,027)**	**(3,497,173)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Other		-	-
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year		**(3,002,027)**	**(3,497,173)**
Loss per share for the year attributable to the members of Stavely Minerals Limited		**Cents Per Share**	**Cents Per Share**
Basic loss per share	4	(3.19)	(4.33)

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

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,520,166	1,941,148
Other receivables	6	87,281	101,948
Total Current Assets		1,607,447	2,043,096
Non-Current Assets			
Receivables	6	42,500	40,000
Property, plant and equipment	7	85,231	101,814
Deferred exploration expenditure	8	3,006,057	2,982,126
Total Non-Current Assets		3,133,788	3,123,940
Total Assets		4,741,235	5,167,036
LIABILITIES			
Current Liabilities			
Trade and other payables	9	173,730	265,097
Provisions	10	44,913	31,303
Total Current Liabilities		218,643	296,400
Total Liabilities		218,643	296,400
Net Assets		**4,522,592**	**4,870,636**
Equity			
Issued capital	11	12,325,646	10,556,136
Reserves	12	1,168,877	284,404
Accumulated losses		(8,971,931)	(5,969,904)
Total Equity		**4,522,592**	**4,870,636**

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

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
At 1 July 2014	**9,101,363**	**284,404**	**(2,472,731)**	**6,913,036**
Loss for the year	-	-	(3,497,173)	(3,497,173)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(3,497,173)	(3,497,173)
Transactions with owners in their capacity as owners:				
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
As at 30 June 2015	**10,556,136**	**284,404**	**(5,969,904)**	**4,870,636**
At 1 July 2015	**10,556,136**	**284,404**	**(5,969,904)**	**4,870,636**
Loss for the year	-	-	(3,002,027)	(3,002,027)
Other comprehensive income/(loss)	-	-		
Total comprehensive loss for the year, net of tax	-	-	(3,002,027)	(3,002,027)
Transactions with owners in their capacity as owners:				
Issue of share capital	1,879,583	-	-	1,879,583
Cost of issue of share capital	(110,073)	-	-	(110,073)
Share based payments	-	884,473	-	884,473
	1,769,510	884,473	-	2,653,983
As at 30 June 2016	**12,325,646**	**1,168,877**	**(8,971,931)**	**4,522,592**

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

	Note	Consolidated Year ended 30 June 2016 $	Consolidated Year ended 30 June 2015 $
Cash flows from operating activities			
Receipts in the ordinary course of activities (mostly GST)		211,099	402,250
Payments to suppliers and employees		(1,962,890)	(3,929,166)
Interest received		51,596	36,499
Net cash flows used in operating activities	5(i)	(1,700,195)	(3,490,417)
Cash flows from investing activities			
Payments for plant and equipment		(51,793)	(64,815)
Payments for exploration expenditure capitalised		-	(5,000)
Refunds for exploration expenditure capitalised		-	3,626
Payments for bonds		(2,500)	(50,000)
Investment in subsidiary		(2)	-
Cash acquired upon acquisition of subsidiary		5,337	-
Net cash flows used in investing activities		(48,958)	(116,189)
Cash flows from financing activities			
Proceeds from issue of shares		1,583,204	1,400,000
Payment of share issue costs		(225,993)	(68,963)
Repayment of advances / loans from related parties		(29,040)	-
Net cash flows from financing activities		1,328,171	1,331,037
Net decrease in cash and cash equivalents held		(420,982)	(2,275,569)
Add opening cash and cash equivalents brought forward		1,941,148	4,216,717
Closing cash and cash equivalents carried forward	5	**1,520,166**	**1,941,148**

The above consolidated 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 Group'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 2016 was authorised for issue in accordance with a resolution of the Directors on 2 September 2016.

(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 Group 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 Group

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 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 2016 reporting year. The Group's assessment of the impact of these new standards and interpretations that may have an impact on the Group is set out below:

AASB 9 Financial Instruments

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.

AASB 16 Leases

AASB 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Stavely has not yet determined the impact on the group accounts. This standard is not applicable until the financial year commencing 1 July 2019.

(d) Significant accounting estimates and judgments

Significant accounting judgments

In the process of applying the Group'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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 Group 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 Group 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) Basis of consolidation and Business Combinations
The consolidated financial statements comprise the financial statements of Stavely Minerals limited ("Company" or "Parent Entity") and its subsidiaries as at 30 June each year (the Group). Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange, adjusted for any conditions imposed on those shares. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

(f) 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.

(g) 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.

(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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(i) Exploration and evaluation expenditure

Exploration expenditure is expensed to the statement of profit or loss and other comprehensive income 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 Group assesses at each reporting date whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group 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 Group 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 Group 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 Group 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 Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Provisions

Provisions are recognised when the Group 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 Group 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 Group 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 Group 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 Group provides benefits to executive directors, employees and consultants of the Group 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 Group 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. 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 Group 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 2016	Year ended 30 June 2015
	$	$

NOTE 2 - EXPENSES

(a) Administration and Corporate Expenses

Administration and corporate expenses include:		
Depreciation - administration	1,926	1,396
Operating lease rental expense	146,224	123,848
Equity based expense – refer note 13	884,473	-
Other administration and corporate expenses	526,079	635,313
	1,558,702	760,557

(b) Exploration Costs Expensed

Exploration costs expensed include:		
Depreciation - exploration	66,450	43,925
Exploration drilling – non-cash - refer note 11	266,379	239,658
Exploration other – non-cash – refer note 5(ii)	30,000	-
Other exploration costs expensed	1,171,508	2,531,580
	1,534,337	2,815,163

NOTE 3 - INCOME TAX EXPENSE

(a) Income Tax Expense

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

Loss for year	(3,002,027)	(3,497,173)
Prima facie income tax (benefit) @ 30%	(900,608)	(1,049,152)
Tax effect of non-deductible items	276,142	-
Net deferred tax assets not brought to account	624,466	1,049,152
Income tax attributable to operating loss	-	-

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

DTA - Tax losses	2,635,978	2,629,834
DTL - Other Timing Differences, net	(132,665)	(879,960)
	2,503,313	1,749,874

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 (2015: $nil).

NOTE 4 - EARNINGS PER SHARE

	Year ended 30 June 2016	Year ended 30 June 2015
	Cents	Cents
Basic loss per share	(3.19)	(4.33)
	$	$
Loss attributable to ordinary equity holders of the Company used in calculating:		
- basic loss per share	(3,002,027)	(3,497,173)
	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	94,135,661	80,761,349

For the year ended 30 June 2016, 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	1,520,166	1,941,148

(i) Reconciliation of loss for the period to net cash flows used in operating activities

Loss after income tax	(3,002,027)	(3,497,173)
Non-Cash Items:		
Depreciation	68,376	45,321
Share-based payments expensed - options	884,473	-
Exploration drilling – non-cash*	266,379	239,658
Exploration other – non-cash – refer note 5(ii)	30,000	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	14,688	88,910
Increase/(decrease) in payables	24,307	(393,794)
Increase/(decrease) in provisions	13,609	26,661
Net cash flows used in operating activities	(1,700,195)	(3,490,417)

* 1,961,886 ordinary shares ($266,379) 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:

2016 - In Jul 2015, the Company issued 85,700 ordinary shares ($30,000) to New Challenge Resources Pty Ltd as consideration for extension of the Stavely Royalty Agreement.

	30 June 2016 $	30 June 2015 $
NOTE 6 – TRADE AND OTHER RECEIVABLES		
Current		
GST refundable	45,961	59,690
Bonds – credit card	40,000	40,000
Other	1,320	2,258
Total current receivables	87,281	101,948
Non-Current		
Cash on deposit - security bonds	42,500	40,000

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 2016 (2015: none).

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Motor vehicles- at cost	28,273	28,273
Less: Accumulated depreciation	(21,204)	(12,723)
	7,069	15,550
Plant and equipment - at cost	182,977	134,294
Less: Accumulated depreciation	(104,815)	(48,030)
	78,162	86,264
Total property, plant and equipment	85,231	101,814

Reconciliation of property, plant and equipment:

Motor Vehicles		
Carrying amount at beginning of year	15,550	24,032
Depreciation	(8,481)	(8,482)
Carrying amount at end of year	7,069	15,550
Plant and Equipment		
Carrying amount at beginning of year	86,264	63,409
Additions	51,793	59,694
Depreciation	(59,895)	(36,839)
Carrying amount at end of year	78,162	86,264

	30 June 2016 $	30 June 2015 $
NOTE 8 - DEFERRED EXPLORATION EXPENDITURE		
Deferred exploration acquisition costs brought forward	2,982,126	2,980,752
Capitalised acquisition expenditure incurred during the year, net	23,931	1,374
Deferred exploration costs carried forward	3,006,057	2,982,126

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

NOTE 9 - TRADE AND OTHER PAYABLES

Current		
Trade creditors	141,997	232,779
Accruals	31,733	32,318
	173,730	265,097

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

Current		
Employee entitlements	44,913	31,303

	30 June 2016 $	30 June 2015 $
NOTE 11 – ISSUED CAPITAL		
(a) Issued Capital		
95,490,593 (2015: 87,110,206) ordinary shares fully paid	12,325,646	10,556,136

(b) Movements in Ordinary Share Capital

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
87,110,206	Opening balance at 1 July 2015	10,556,136
85,700	Issue of shares – New Challenge Royalty 6 July 2015	30,000
6,332,726	Issue of shares – Rights Issue 20 July 2015	1,583,181
75	Issue of shares – Exercise of Options 6 August 2015	23
232,811	Issue of shares – Share Subscription Agreement 13 November 2015	42,605
1,378,672	Issue of shares – Share Subscription Agreement 17 December 2015	176,470
350,403	Issue of shares – Share Subscription Agreement 12 May 2016	47,304
	Costs of equity issues	(110,073)
95,490,593	Closing Balance at 30 June 2016	12,325,646

Rights Issue

On 20 July 2015, Stavely issued 6,332,726 fully-paid ordinary shares at 25c a share and 3,166,373 free attaching options (on a one-for-two basis) with an exercise price of 30 cents and expiry date of 30 June 2016 under a non-renounceable rights issue to shareholders. Gross proceeds were $1,583,181.

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 2016, 1,961,886 ordinary shares ($266,379) 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 2016, cumulative subscriptions totalled $506,036 (2015: $239,658).

NOTE 11 – ISSUED CAPITAL - continued

(c) Options on issue at 30 June 2016

	Number	Exercise Price	Expiry Date
Unlisted Options	14,400,000	27 cents	31 December 2017
Unlisted Options	3,000,000	27 cents	1 December 2016
Unlisted Options	10,000,000	23 cents	1 December 2016
	27,400,000		

During the year:

(i) 3,166,373 listed options were granted pursuant to the non-renounceable rights on 20 July 2015;
(ii) 75 listed options were exercised (2015: nil)
(iii) 5,966,298 listed options expired (2015: nil)
(iv) No unlisted options were granted to shareholders (2015: nil);
(v) 13,000,000 unlisted options were granted as share-based payments (2015: nil);
(vi) No unlisted options expired (2015: nil); and
(vii) No unlisted options were exercised (2015: 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.

	30 June 2016 $	30 June 2015 $
NOTE 12 - RESERVES		
Equity-based payments reserve	1,168,877	284,404
Equity-based payments reserve		
Balance at the beginning of the year	284,404	284,404
Equity-based payments expense	884,473	-
Balance at the end of the year	1,168,877	284,404

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 (Recognised as Remuneration Expenses)

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

	30 June 2016	30 June 2015
	$	$
Expensed in the profit or loss:		
Equity-based payments- options	884,473	-

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

Year ended 30 June 2016:

Granted to key management personnel and consultants as equity compensation:
- 3,000,000 options expiring 31 December 2016, exercisable at 27 cents each; and
- 10,000,000 options expiring 1 December 2016, exercisable at 23 cents.

Year ended 30 June 2015: None.

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	25/08/2015	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.

(c) Weighted average fair value

The weighted average fair value of equity-based payment options granted during the year was $0.06804 (2015: nil).

(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 $0.23 to $0.27 (2015: $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 0.59 years (2015: 2.5 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.

	12 Months to 30 June 2016 Number	12 Months to 30 June 2016 WAEP $	12 Months to 30 June 2015 Number	12 Months to 30 June 2015 WAEP $
Outstanding at the beginning of year	2,400,000	0.27	2,400,000	0.27
Granted during the year	3,000,000	0.27	-	-
	10,000,000	0.23	-	-
Outstanding at the end of the year	15,400,000	0.24	2,400,000	0.27
Exercisable at year end	15,400,000	0.24	1,000,000	0.27

The weighted average share price for options exercised during the year was nil (2015: nil).

NOTE 14 – COMMITMENTS AND CONTINGENCIES

	30 June 2016 $	30 June 2015 $
(a) Operating leases (non-cancellable):		
Within one year	140,198	125,376
More than one year but not later than five years	7,140	103,820
	147,338	229,196

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 Group is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2016/2017. 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.	442,900	375,400

(c) Contingencies

The Company is party to a Deed of Option and Royalty relating to the Stavely tenement EL 4556. The Group had no other contingent liabilities at year end (2015: same).

NOTE 15 – RELATED PARTIES

(a) Compensation of Key Management Personnel

	30 June 2016 $	30 June 2015 $
Short-term employment benefits	264,125	465,051
Post-employment benefits	22,800	40,013
Equity-based payment	683,811	-
	970,736	505,064

(b) Other transactions and balances with Key Management Personnel

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 $141,375 (net of GST) was paid/payable for office rental and variable outgoings (2015: $123,164 (net of GST)).

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 $39,416 (net of GST) was paid/payable by Zamanco to the Company for reimbursement of office rental and associated expenses (2015: $39,048 (net of GST)).

Mr Chris Cairns and Mr Peter Ironside are directors of Ukalunda Pty Ltd. In February 2016, Stavely Minerals acquired Ukalunda Pty Ltd ('Ukalunda') for a purchase cost of $2. During the year, Ukalunda made loan repayments of $10,000 to Mr Chris Cairns and $19,040 to related parties of Mr Peter Ironside. Refer to note 20.

(c) Transactions with Other Related Parties

There were no transactions with other related parties (2015: none).

NOTE 16 - AUDITORS' REMUNERATION	30 June 2016 $	30 June 2015 $
Amount received or due and receivable by the auditor for:		
Auditing the financial statements, including audit review - current year audits	36,565	45,969
Other services – taxation and corporate advisory	5,700	4,915
Total remuneration of auditors	42,265	50,884

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

NOTE 18 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group 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 Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group'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 Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and bonds. The Group 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 Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	30 June 2016 $	30 June 2015 $
Financial Assets:		
Cash and cash equivalents - interest bearing	1,372,318	478,927
Trade and other receivables - bonds	80,000	80,000
Net exposure	1,452,318	558,927

Sensitivity
At 30 June 2016, 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 Group would have been $7,261 higher (2015: changes of 0.5% $2,795 higher). The 0.5% (2015: 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.

Liquidity risk
The Group has no significant exposure to liquidity risk as there is effectively no debt. The Group 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 Group. The Group 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 Group 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 Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

NOTE 19 – PARENT ENTITY INFORMATION

	Company	
	30 June 2016	30 June 2015
	$	$
Balance sheet information		
Current assets	1,602,611	2,043,096
Non-current assets	3,131,197	3,123,940
Current liabilities	(212,453)	(296,400)
Non-current liabilities	-	-
Net Assets	4,521,355	4,870,636
Issued capital	12,325,646	10,556,136
Reserves	1,168,877	284,404
Accumulated losses	(8,973,168)	(5,969,904)
	4,521,355	4,870,636
Profit or loss information		
Loss for the year	(3,003,264)	(3,497,173)
Comprehensive loss for the year	(3,003,264)	(3,497,173)

Commitments and contingencies

There are no commitments or contingencies, including any guarantees entered into by Stavely Minerals Limited on behalf of its subsidiaries.

Subsidiaries			30 June 2016	30 June 2015
Name of Controlled Entity	**Class of Share**	**Place of Incorporation**	**% Held by Parent Entity**	
Ukalunda Pty Ltd	Ordinary	Australia	100%	-

NOTE 20 – ACQUISITION OF SUBSIDIARY

On 15 February 2016, Stavely Minerals Limited acquired Ukalunda Pty Ltd ('Ukalunda'). Ukalunda 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. Cash consideration for the acquisition was $2. At the date of acquisition, Ukalunda had loans totalling $29,040 outstanding to Mr Cairns and Mr Ironside for company establishment fees, tenement application fees and compliance costs etc. but does not include any costs for Mr Cairns' or Mr Ironside's time and efforts. The loans were discharged by Stavely Minerals after acquisition.

The following table summarises the assets and liabilities acquired:

	$
Cash and cash equivalents	5,337
Receivables	22
Exploration asset	23,931
Trade payables	(248)
Loans payable	(29,040)
Net Assets	2

NOTE 21 – SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 30 June 2016 that have or may significantly affect the operations, results, or state of affairs of the Group 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 consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 consolidated entity's financial position as at 30 June 2016 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 pages 35 to 40 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Director

Perth, 2 September 2016

Information as at 1 September 2016

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

Name	Number of Ordinary Shares
Peter Reynold Ironside	30,157,419
Christopher John Cairns	15,007,419

b) Shareholder Distribution Schedule

Size of Holding	Number of Shareholders
1 - 1,000	24
1,001 - 5,000	95
5,001 - 10,000	146
10,001 - 100,000	295
100,001 and over	86
Total	646
Number of shareholders holding less than a marketable parcel	70

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

The following restricted securities were released from escrow on 7 May 2016:

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

e) Twenty largest shareholders:

	Name	Number of Ordinary Shares	% of Issued Capital
1	Ironside Pty Ltd <Ironside Super Fund A/C>	14,677,419	15.33
2	Chaka Investments Pty Ltd	10,480,000	10.94
3	Goldwork Asset Pty Ltd <The Cairns Family A/C>	9,759,032	10.19
4	Goldwork Asset Pty Ltd <Cairns Family S/F A/C>	5,238,387	5.47
5	Ironside Pty Ltd <Ironside Family A/C>	5,000,000	5.22
6	Citicorp Nominees Pty Limited	3,891,762	4.06
7	Jennifer Elaine Murphy	3,427,097	3.58
8	Greenstone Property Pty Ltd <Titeline Property A/C>	3,040,092	3.17
9	Dr Anthony Cairns	2,600,000	2.72
10	Michelle Maria Skinner	2,258,065	2.36
11	DK & SJ Pty Ltd <The DK & SK Investment A/C>	1,250,000	1.31
12	Trading Pursuits Group	1,250,000	1.31
13	JC Holdings Pty Ltd	1,250,000	1.31
14	Mick Ashton Nominees Pty Ltd <Ashton Family A/C>	1,250,000	1.31
15	Sanluri Pty Ltd <Ricciardi Family A/C>	1,233,000	1.29
16	Mr Harle John Mossman	1,225,000	1.28
17	Contango Nominees Pty Limited	940,000	0.98
18	Elphick Superannuation Pty Ltd <M R Elphick Super Fund A/C>	870,000	0.91
19	Chertor Pty Ltd <The Brown Family S/F A/C>	610,000	0.64
20	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	586,674	0.61
		70,836,528	**73.99**
	Shares on issue at 1 September 2016	**95,760,863**	

f) Unlisted Options

Name	**01/12/2016 27 cents**	**01/12/2016 23 cents**	**31/12/2017 27 cents**
Directors:			
W Plyley	-	2,500,000	1,000,000
C Cairns	-	4,500,000	5,032,258
J Murphy	-	2,000,000	1,561,290
P Ironside	-	1,000,000	5,032,258
Others:			
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
	3,000,000	10,000,000	14,400,000

g) 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.

Tenement Portfolio - Victoria

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
Ararat	EL 5486	10 July 2014	1
Ararat	ELA 5487	(21 June 2013)	5
Ararat	EL 6271	21 July 2016	6
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

Tenement Portfolio - Queensland

Area Name	Tenement	Grant Date/ (Application Date)	Size (Km^2)
Ravenswood West	EPM26041	24 May 2016	241
Ravenswood North Application	EPM26152	(15 February 2016)	48
Dreghorn	EPM26303	(1 August 2016)	137
Kirk North	EPM26304	(1 August 2016)	81