



Stonewall Resources Limited

ACN 131 758 177

Financial Report

30 June 2017

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Corporate Directory

DIRECTORS

Trevor Fourie	Non-Executive Chairman
Robert Thomson	Managing Director
Richie Yang	Non-Executive Director
Yang (Simon) Liu	Non-Executive Director
Yihao (Eric) Zhang	Non-Executive Director

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AUSTRALIAN BUSINESS NUMBER

30 131 758 177

Chairman's Letter

Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to present the 2017 Annual Report for Stonewall Resources Limited (ASX: SWJ).

This year has been one of progression and renewed focus for the Company as we re-position ourselves towards recommencement of profitable gold production.

A focus on the high grade and potentially high margin opportunities available at our permitted Rietfontein and Beta projects was reflected in the Scoping Study numbers we released to the market on 16 May 2017 indicating scope to take the Company to a 100,000oz per annum producer by mining and processing at our central TGME processing plant at Pilgrim's Rest.

Our ongoing focus on geological review has also delivered some exciting new near surface high grade targets adjacent to our TGME processing plant, as part of Project Bentley. Project Bentley is re-evaluating historical operations and exploration areas, some of which produced high grade gold 130 years ago and we feel a lot of excitement in this potential to deliver more, high grade ounces into TGME. As a result our JORC resources have continued to grow, despite not spending a large amount of money on exploration.

The Board and Management remain confident that the new strategy reflects the best way to add value for shareholders, and I would like to thank our new Managing Director, Rob Thomson, for his efforts, along with those of the rest of the management team led in South Africa by George Jenkins as well as our staff and consultants.

The Company continues to receive strong support from our shareholders, and over the last twelve months we have completed a number of successful fundraisings to new sophisticated investors, along with the ongoing funding support from our existing shareholders. We also welcome new shareholders to the share register and we appreciate your interest and commitment to the Company.

The successful arbitration decision and associated award in China of US\$12.6m (plus costs) relating to the 2013 Shandong takeover offer was welcomed earlier in the financial year, and we continue to press for an outcome in the near-term which will be of benefit to shareholders.

Our near-term priorities remain to move back into profitable gold production based firstly on the completion of the Pre-Feasibility into the TGME project, commencement of drilling at our high grade gold projects, and ongoing assessment of the multitude of high-value opportunities that we have in our Company, spread across the 80km strike length and 620km² of tenements.

We thank you for your continued support, and look forward to continuing to deliver good news and positive updates for shareholders in the year ahead.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Trevor', with a stylized flourish below it.

Trevor Fourie
Chairman

Managing Director's Report

In late 2016, we coined the phrase “Reawakening a Giant Goldfield”. This both expresses the history of over 7 million ounces produced since the field’s beginnings in the 1870’s, the fact of having 3.72 million ounces of JORC resources, and growing and our belief that this past prolific and high-grade producing field will reawaken through Stonewall’s determined work and actions, to again be a significant gold producer and contributor to the Pilgrim’s Rest/Sabie communities and to South Africa.

In May 2017 we completed a Scoping Study with our South African mining consultants, Bara Engineering into the brown-fields re-development of the permitted Rietfontein and Beta underground mines, which revealed potential for production in a refurbished and TGME processing plant of up to 100kozpa at US\$432/oz cash cost which, based on the study results would make Stonewall a low cost gold producer.

The TGME plant operated under SWJ during 2012 -2015 and while nowadays needs some refurbishment, the plant remains permitted and connected to operations-ready tailings facilities, water and power supplies. Our in-country team resides at the TGME plant area. It is important to emphasise that there is nothing greenfields about what we are doing – it is all brownfields re-development of existing permitted assets centred on the existing TGME process facilities and this greatly reduces the development risk profile.

During the year, geological evaluations of our extensive portfolio have added over 700koz to our JORC compliant resource, which now stands at 3.72Moz

In December 2016, a detailed review of all the historical operations and geological data based on over 130 years of mining history in this field began, and this has already begun to bear fruit. This project has been named Project Bentley in honor of South African geologist Phil Bentley who we found out later in May 2017 had similar thoughts in the 1980’s and worked on this enormous task over a 5 year period, including targeting and sampling historical operations like Theta Hill and Columbia mines in close proximity to TGME. Phil has assisted the Company in retrieving this data, thus greatly accelerating our progress and outcomes.

Like our “Reawakening a Giant Goldfield” philosophy and strategic plan we feel strongly the weight of prolific South African and TGME/Sabie gold production history as a potential portent to the future with Rietfontein, Beta and Project Bentley. Analysis of near-mine, shallow targets near the TGME plant as part of Project Bentley has delivered potentially high grade targets at Theta Hill, with work underway at the adjacent Columbia Hill area. We feel in time that there are more Project Bentleys to be “found” spread throughout the 620km2 of tenements. The first result of this work was announced to the ASX on 6 September, 2017 the recently announced Project Bentley has opened up additional opportunities to explore for and develop other high-grade resources, with the potential identified by our South African geological consultants Minxcon for both high-grade open cut and underground ounces in close proximity to TGME.

We believe Stonewall has a unique portfolio of assets in South Africa, and globally, characterised by high grades (above 10g/t in many cases), shallow adit-entry mines with multiple potential gold-bearing reef horizons. This shallow mineralisation with existing adit-entries is a major technical and risk differentiator to the vast majority of the rest of the South African gold industry which nowadays is generally reliant on deep shaft operations with the attendant costs and risks of deep mining.

With planned commencement of the Rietfontein PFS as well as planned drilling across Rietfontein and potential extensions and the new targets as part of Project Bentley, SWJ looks forward to continuing the path of this field’s historical high-grade, shallow gold geological characteristic - which we expect will

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position the company to be a low-cost gold producer in the future.

I would like to take this opportunity to thank my Chairman, fellow directors and our South African CEO George Jenkins for their support; as well as our staff and consultants for their hard work and shared-visions over the last twelve months.

We look forward to working closely with our BEE partners to restabilising mining and processing operations and thank them for their continuing support.

We, as a team are committed to maximising shareholder value in Stonewall, and I thank shareholders for their support and patience as we look forward to many exciting developments within the Company over the next twelve months as we head towards production.

A handwritten signature in black ink, appearing to read 'R Thomson', is positioned above the printed name and title.

Robert Thomson
Managing Director

Review of Operations

Overview

Stonewall Resources Limited ('SWJ' or the 'Company') is an ASX-listed gold exploration and pre-development company, with a vision of being a low-cost South African gold producer in the near term. Its projects are held through South African subsidiaries in which it has a 74% interest (together referred to as "Consolidated Entity").

The Consolidated Entity has a large tenement package (620km²) in the Mpumalanga province, approximately 370km east of Johannesburg by road.

The principal activities of the Consolidated Entity during the 2017 financial year was geological modelling and pre-feasibility work on the TGME project, primarily focused on the Rietfontein and Beta Mines.

Company Highlights

- JORC Resource increased from 2.99Moz to 3.72Moz¹
- Scoping Study announced for Rietfontein & Beta showing potential for a 90kozpa mine at US\$432/oz C1 cash cost
- Successful arbitration award of US\$12.6m plus interest and costs against Shandong Qixing Iron Tower Co. Ltd (recently renamed Northcom Group Limited)
- Announcement of Project Bentley with high grade, shallow exploration targets near the TGME plant (post June 30).

TGME Project

The TGME project ('Project') is located in the favourable mining region of Nelspruit, in close proximity to the gold mines of Pan African Resources (LSE: PAF).

The Consolidated Entity's tenements at Pilgrim's Rest and Sabie cover an area of approximately 62,000Ha or 620km², approximately 75km in length by 25km wide. In total over 43 historic mines are covered by 9 mining rights, and two prospecting rights in the process of conversion to mining rights. Historical production of over 7Moz has been recorded in the district.

The TGME project contains total Measured, Inferred and Indicated (JORC 2012) resources of 26.6Mt @ 4.34g/t Au for 3.72Moz.

Within this resource, as estimated by South African based geological consultants Minxcon, the Rietfontein project contains an Indicated resource of 0.72Mt @ 10g/t Au (233koz) and Inferred resource of 1.83Mt @ 11.4g/t Au (672koz)

The Beta Resource was updated on the 28 March, 2017 to 1Moz (4.72Mt @ 6.61g/t Au). The resource is 48% indicated and 52% inferred. This represented a 42% increase in ounces and 100% increase in grade on the previous resource.

The results of a Scoping Study into the Rietfontein Mine by South African consultants Barra Consulting was released on 28 February, 2017. The study revealed potential for a 200ktpa mine to produce an average of 60kozpa at a cash cost of US\$417/oz. Peak capital of US\$31m was estimated with a pre-tax NPV (at US\$1200/oz) of US\$114m.

This study was later updated to include Beta and released on 16 May, 2017. The combined Beta and Rietfontein mines showed potential to produce up to 100kozpa, at a C1 cash cost of US\$495/oz (AISC of US\$632/oz) for peak development capital of US\$29m (US\$65m combined total capital). Pre-tax NPV at US\$1200/oz was estimated at US\$166m.

Preliminary Feasibility Study

Following completion of the Scoping Study into Rietfontein and Beta, SWJ commenced a Preliminary Feasibility Study (PFS) with the aim of improving the level of confidence in the mining inventory, associated costs and de-risking the technical aspects of the projects ahead of a development decision potentially in 2018.

Work underway or planned as part of the PFS includes:

- Drilling – At Rietfontein, to upgrade the confidence of the mineral resources to at least the ‘Indicated category’ according to JORC 2012
- Testing of potential extensions to the mineralisation beyond the current geological constraints of the resources
- Ongoing work including stakeholder engagement and planning towards the decision to mine
- Metallurgical testwork and optimisation to maximise recoveries, reduce impurities and ensure optimal revenue is achieved

Processing plant upgrade: work on configuration of the best process plant design for the upgrade including infrastructure required, processing route, waste and tailings placement

Project Bentley

SWJ announced the first results of Project Bentley to the ASX on the 6 September 2017, however the work was initiated in late 2016, and accelerated from May.

Project Bentley was an exploration program initiated in the 1990s by a previous explorer to delineate additional ore feed to the main TGME processing plant.

Two areas have been focused on, the Theta Hill area and Columbia Hill area, for which work is ongoing.

An exploration target of 3.4 Mt to 5.6Mt has been established for Theta Hill including the Lower Theta Seam with a target of:

- 1.0Mt to 1.7Mt @ 16.6g/t Au to 26.6g/t Au

A total of five seams are recorded at Theta Hill, including Bevetts and Upper Theta, and the Portuguese reef (below Beta). No exploration target has been published for these reefs. Average total depth of cover is 45m to the base of the Lower Theta seam.

With SWJ’s in-house management team at Pilgrim’s Rest and independent consultant, Minxcon, SWJ continues to process historical data contained in the paper records from mining in the Pilgrim’s Rest and Sabie areas over the last 130 years (the TGME operations were incorporated in 1895, and mining in the area since the 1870’s).

The focus of this work is to take this historical information and for the first time, integrate the multitude of separate old mines, prospects and exploration information into a combined computer geological database and 3D model.

For the Theta Hill work, 538 historical drill holes were digitally captured, with 33 mine plans and 13 assay plans captured using ArcGIS 10. A total of 1,511 sample points on the Beta reef horizon were captured and 7,485 sample points on the Lower Theta reef horizon.

The completed work increased SWJ’s geological understanding of the areas and created the opportunity for identifying and establishing new shallow, high grade targets for planned drilling in coming months.

Competent Persons Statement

The information in this report relating to Mineral Resources is based on information compiled by:

- Rietfontein Mineral Resource - by Daniel van Heerden, B.Eng. (Mining), M.Com.(Business Administration) who is employed as a Director and as Principal Mining Engineer by Minxcon Projects (Pty) Ltd.
- Beta Mineral Resource – by Mr Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 400058/08, MGSSA), a director of Minxcon (Pty) Ltd and a member of the South African Council for Natural Scientific Professions.

The original reports titled “New High Grade Resource (JORC 2012) at Rietfontein and Significant Resource Upgrade” and “Beta Resource Upgrade” were dated 7 February 2017 and 28 March 2017 respectively and were released to Australian Securities Exchange on those dates.

The information in this report relating to Exploration Targets is based on information compiled by Mr Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 400058/08, MGSSA), a director of Minxcon (Pty) Ltd and a member of the South African Council for Natural Scientific Professions.

The original report titled “Project Bentley” was dated 6 September 2017 and was released to Australian Securities Exchange on that date.

The Company confirms that –

- it is not aware of any new information or data that materially affects the information included in the Australian Securities Exchange announcements; and
- all material assumptions and technical parameters underpinning the estimates in the Australian Securities Exchange announcements continue to apply and have not materially changed.

Environmental and Licensing

The Consolidated Entity continues to keep all the Mining Rights in good standing by ensuring that the various licence conditions continue to be met. These are divided into two main areas of Environmental and Regulatory.

The Consolidated Entity continues to do the various environmental monitoring and reporting required for the rights and receives regular visits from the various government departments to ensure that what is being reported can be observed in the field. Over the years the Consolidated Entity has built up a good rapport with the various departments and the relationships remain sound.

From a regulatory perspective the Consolidated Entity’s reporting remains up to date.

In December 2016 the Consolidated Entity embarked on a process of converting all its remaining Prospecting Rights into Mining Rights. All the submissions were done timely and the engagement with the government departments commenced. Since then the approval milestones from the government department have been achieved with the latest and most significant being the approval of the scoping document for the various environmental studies to be conducted. The Consolidated Entity has commenced with the various studies as outlined in the scoping document and expects to continue to meet the deadlines and milestones in the approval process.

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The conversion process covers off on an area at TGME and a separate area at Sabie Mines. For each of these conversions, three Prospecting Rights have been rolled up into one Mining Right and the Consolidated Entity currently does not foresee any impediments to the process.

Once the conversions are approved the whole area owned by the Consolidated Entity will be covered by approved Mining Rights.

Please see the table on page 16 for further details.

Community Relations

The Consolidated Entity is committed to community uplift and regional growth through effective partnerships with all local stakeholders in the regions where it has mining operations.

The Consolidated Entity is committed to:

- Treating its communities with respect, understanding and dignity as well as recognising them as important stakeholder groups with rights and interests
- Respecting community governance and always engaging in community consultation prior to initiating any significant operations that will have a substantial impact on the region
- Recognising that local communities should be informed of the potential impacts, risks, and benefits that may result from the Consolidated Entity's operations
- Ensuring that its operations neither harm nor threaten the sustainability of local communities

The Consolidated Entity currently runs the following projects for the benefit of the local community:

1. **Employment of teachers for primary school in Pilgrim's Rest:** The Consolidated Entity currently employs two full time teachers who have been seconded to the Pilgrim's Rest Primary School. The Consolidated Entity has been providing this support for several years and continues to support this initiative.
2. **Provision of water to community:** The Consolidated Entity provides water to a local community near the TGME plant and is currently upgrading the infrastructure to improve the availability of water to this community.
3. **Firewood provision to community:** The Consolidated Entity has engaged two local community members to remove black wattle trees from the site and size it into appropriate lengths for firewood. It provides all the tools and equipment for this project as well as additional staff to help load and transport the wood to the local community.

The community in which the Consolidated Entity operates is supportive of mining in general, and the associated employment and flow-on economic benefits to local and regional businesses and the area in general through increased economic activity that comes with mining. It is a priority of the Consolidated Entity to effectively engage with the community and manage expectations and relations with respect to all activities the Consolidated Entity is or will be engaged in including construction, development, transport of ores on public roads, potential environmental impacts (noise, dust etc) and other factors associated with mining operations.

Pilgrim's Rest is considered to be a living museum and had been owned by the government since the 1970's. As a result, all the properties and buildings cannot be owned by individuals and can only be leased. The Consolidated Entity has participated in an initiative to revitalise the town of Pilgrim's Rest that is being driven by a local radio station. Various stakeholder meetings have been held and the company that has been engaged to drive the programme is currently developing a strategy for this revitalisation project. The Consolidated Entity

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has also submitted proposals to lease some of the current infrastructure owned by the government with a view to preserving it and assisting in boosting the local tourism industry.

The Consolidated Entity has also used the opportunity presented in the stakeholder engagement process for the conversion of the Prospecting Rights to Mining Rights to revive the community networks and strengthen relationships with the various stakeholders in the Pilgrim's Rest and Sabie communities and will continue to build these relationships.

Results

The Consolidated Entity made a loss after tax of US\$5,706,000. Contributing to the loss was corporate, administration and technical support costs carried by the Consolidated Entity in support of its exploration and pre-development activities. The Consolidated Entity also incurred \$955,000 in finance costs.

The Consolidated Entity disposed of its investment in a subsidiary, Bosveld Mines Pty Ltd, which held a non-core asset. The Consolidated Entity made a profit of \$405,000 on the disposal.

Funding

As a gold exploration and pre-development company, the Consolidated Entity relies on the debt and equity markets for funding to support its business activities. During the year, the company raised a total of US\$4,520,000, of which US\$2,737,000 was from share issues (including a share purchase plan offer to shareholders) and US\$1,783,000 from a convertible security. The sale of Bosveld Mines provided a further US\$882,000.

The Consolidated Entity continues to proactively manage its cash flow requirements to ensure that funds are available, including from capital raisings, as and when required.

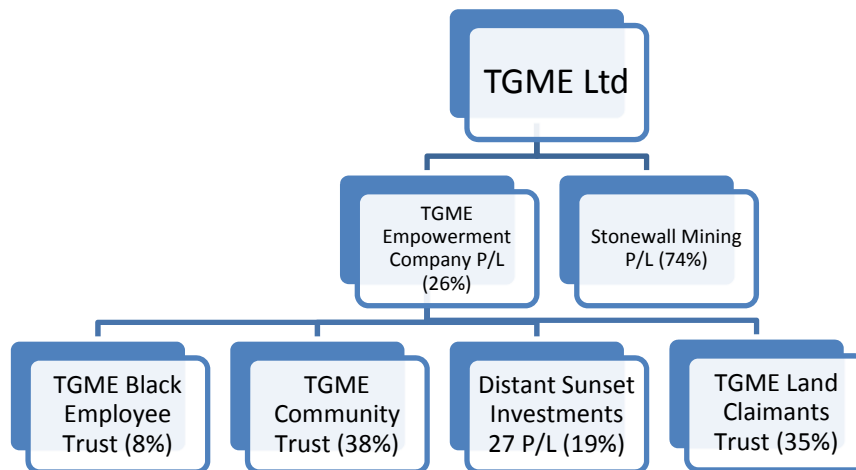
Subsequent to 30 June 2017, the Company announced on 22 September 2017 that it will issue a prospectus for a Share Purchase Plan ("SPP") offer to shareholders. The SPP offers eligible shareholders the opportunity to subscribe for up to \$15,000 worth of fully paid ordinary shares in the Company. Eligible shareholders will also be entitled to 1 attaching unlisted option ("SPP Option") for every 2 shares subscribed. Each share offered under the SPP will be issued at a price of \$0.024. The SPP Options are exercisable at \$0.036 per share and expire eighteen (18) months from the date of issue. The Directors reserve the right to place any shortfall shares under the SPP.

Black Economic Empowerment

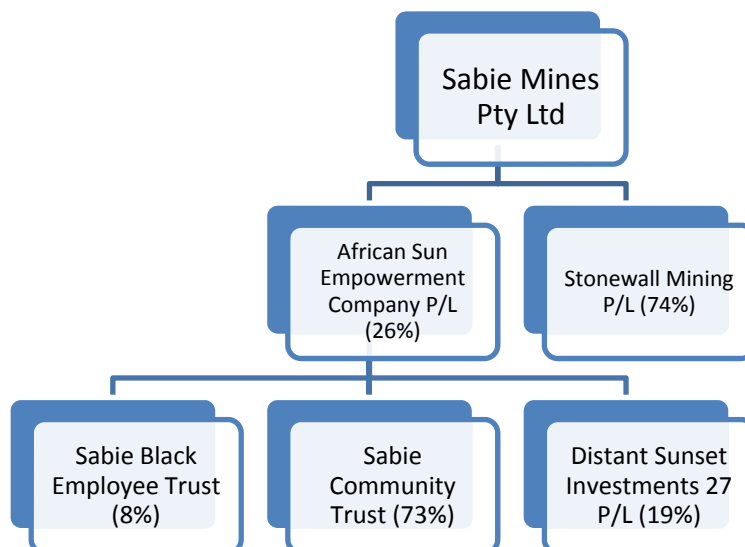
The Consolidated Entity is committed to taking responsibility for the short and long term, economic, social and environmental implications of its mining activities. As stated above, the Consolidated Entity is committed to community uplift and regional growth through effective partnerships with all local stakeholders in the regions where it has mining operations. To that end, the Consolidated Entity subscribes to and is fully compliant with the South African government initiatives on Black Economic Empowerment (BEE) under the Mining Charter and the Mineral and Petroleum Resources Development Act, 28 of 2002.

The Company's holds a 74% shareholding in its two operating subsidiaries in South Africa, Transvaal Gold Mining Estates Limited ("TGME") and Sabie Mines (Proprietary) Ltd ("Sabie"). The other 26% shareholdings are owned by BEE entities, TGME Empowerment Company Pty Ltd and African Sun Empowerment Company Pty Ltd respectively, which hold the shares for the benefit of various trusts as shown below.

Transvaal Gold Mining Estates Limited



Sabie Mines (Proprietary) Ltd



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The acquisitions by the BEE entities of the 26% shareholdings in TGME and Sabie were funded by shareholder loans from the respective companies. The BEE entities have pledged their shares in TGME and Sabie to Stonewall Mining (Proprietary) Ltd as security for the repayment of the shareholder loans. The loans will be repaid out of dividends declared by the respective companies. Under the terms of the agreements between the parties, for as long as the shareholder loans are outstanding, 80% of all dividends declared will be retained by the respective companies in reduction of the shareholder loans then owing. The remaining 20% is distributed to the various owners within the empowerment company.

Relationships with the BEE partners are successful and the company has gone through a few operational periods with its BEE partners in the past. With the current movement towards the next operational phase of the company, management is starting to actively re-engage with the various BEE stakeholders to ensure that we are prepared for the recommencement of operations, including completion of feasibility work.

Mineral Resource Statement

Table A1: Rietfontein Mineral Resource Statement as at 20 January 2017 (ASX release dated 7 February 2017)

Resource Classification	Stope Au	Reef Width	Stope width	Stope	Stope Tonnes	Au Content	
	g/t	cm	cm	cm.gt	Mt	kg	koz
Measured	-	-	-	-	-	-	-
Indicated	10.06	76	111	1,113	0.720	7,247	233
Total Measured and Indicated	10.06	76	111	1,113	0.720	7,247	233

Resource Classification	Stope Au	Reef Width	Stope width	Stope	Stope Tonnes	Au Content	
	g/t	cm	cm	cm.gt	Mt	kg	koz
Total Inferred	11.40	108	132	1,502	1.834	20,901	672

Notes:

1. Mineral Resources are reported at resource cut-off of 1.8 g/t (230 cm.g/t).
2. 33% of the Inferred Mineral Resource occurs below the last known data point.
3. Fault losses of 5% for Indicated and 10% for Inferred Mineral Resources have been applied.

Table A2: Beta Mineral Resource Statement as at 23 March 2017 (ASX release dated 28 March 2017)

Resource Classification	Au Stoping	Reef Width	Stope width	Stope	Stope Tonnes	Channel Tonnes	Au Content	
	g/t	cm	cm	cmgt	Mt	Mt	Kg	K Oz
Measured	-	-	-	-	-	-	-	-
Indicated	6.96	24	90	529	2.147	0.669	14 950	480.7
Total Measured and Indicated	6.96	24	90	529	2.147	0.669	14 950	480.7

Resource Classification	Au Stoping	Reef Width	Stope width	Stope	Stope Tonnes	Channel Tonnes	Au Content	
	g/t	cm	cm	cmgt	Mt	Mt	Kg	K Oz
Total Inferred	6.32	26	90	484	2.571	0.885	16 248	522.4

Notes:

4. Mineral Resources are reported at resource cut-off of 2.56 g/t (230 cmg/t).
5. Depletions have been applied.
6. Pillars have been included in the resources.
7. 30% of the Inferred resource is extrapolated.
8. Fault losses of 5% for Indicated and 10% for Inferred Mineral Resources were applied.
9. Weighted density of reef and waste is 3.06 t/m³ (reef = 3.6 and waste = 2.84).
10. Numbers might not add up due to rounding.
11. cmg/t and g/t figures will not back calculate due to variable densities in reef and waste rock.

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Table A3: Total Mineral Resource Statement of Total Stonewall Operations as at 23 March 2017 (ASX release dated 28 March 2017)

Mineral Resource Category	Type of Operation	Tonnage	Gold Grade	Gold Content	
		Mt	g/t	Kg	'000 oz.
Measured	UG*	0.170	4.77	811	26.1
	Surface	0.151	1.59	240	7.7
	Tailings	2.294	0.77	1,770	56.9
Total Measured		2.615	1.08	2,821	90.7
Indicated	UG*	3.935	6.70	26,376	848.0
	Surface	3.173	0.88	2,811	90.4
	Tailings	0.012	0.58	7	0.2
Total Indicated		7.120	4.10	29,194	939
Inferred	UG*	13.734	5.55	76,253	2,451.7
	Surface	0.801	0.8	642	20.7
	Tailings	2.124	3.06	6,503	209.0
	Rock Dump	0.121	1.59	192	6.2
	Plant Floats	0.041	0.54	22	0.7
	Beta Main	0.109	0.81	88	2.8
Total Inferred		16.93	4.94	83,700	2,691
Grand Total		26.66	4.34	115,715	3,720

Notes:

1. All Mineral Resources have an effective date of 30 June 2014, with the exception of the underground (UG*) Mineral Resources which include the updated 20 January 2017 and 23 March 2017 Mineral Resource estimation for Rietfontein Mine and Beta Mine respectively.
2. Only the Mineral Resources lying within the legal boundaries are reported.
3. 1 kg = 32.15076 oz.
4. Columns may not add up due to rounding.
5. Mineral Resources declared are for the entire project and have not been divided into attributable portions.

Mining and Prospecting Rights

All Prospecting Rights held by Stonewall has expired and are now in the process of being consolidated into two

MR No	Description	Farms	Commencement Date	Effective Date	Expiry Date	Remarks
358 MR	Rietfontein	Spitskop 195 JT, Rietfontein 193 JT**, Waterval 168 JT and Maliveld Vallei 192 JT.	05-Jun-13	05-Jun-13	04-Jun-28	**S102 application pending on Farm Rietfontein 193 JT
340 MR	Hermansburg	Hermansburg 495 KT	10-Jul-13	10-Jul-13	09-Jun-23	
83 MR	Greater TGME	Frankfort 509KT, Krugershoop 527 KT, Morgenzon 525 KT, Peach Tree 544 KT, Ponieskrans 543 KT and Van der Merwes Reef 526 KT	16-Oct-13	16-Oct-13	15-Oct-23	
198 MR	Elandsdrift Heap Leach	Elandsdrift 220 JT	N/A	N/A	N/A	Renewal submitted
330 MR	Beta Re-Development & Grootfontein Cluster	Peach Tree 544 KT, Ponieskrans 543 KT, Grootfonteinberg 561 KT and Grootfontein 562 KT	N/A	N/A	N/A	Granted not executed
433 MR	Glynn's Lydenburg	Grootfontein 196 JT and Olifantsgeraamte 198 JT	12-Nov-13	12-Nov-13	11-Nov-23	
341MR	PTD's	Grootfontein 562KT	N/A	N/A	N/A	Granted Not executed
10161MR*	Sabie	Vertroosting 218JT, Olifantsgeraamte 198JT (RE/Ptn 2 & Ptn 5), Grootfontein 196JT (Excluding RE/ptn 5), Hendriksdal 216JT, Sheba 219JT, Spitskop 195JT (excluding Ptn of RE, Ptn2 & Ptn 3), Waterval 168JT (excluding ptn 16), Rietfontein 193JT				consolidation of 10005PR, 660PR, 10252PR
10167MR*	TGME	Willemsoord 476KT, Manx 475KT, Vaalhoek 474KT, Klondyke 493KT, Hermansburg 495KT, Rotunda Creek 510KT, Blackhill 528KT, Doornhoek 545KT, Breytenbachskraal 556KT, Desire 563KT, Buffelsfontein 452KT, Granite Hill 477KT, Sacramento Creek 492KT				consolidation of 10255PR, 10404PR, 10254PR

separate Mining Rights: 10161MR for Sabie area and 10167MR for North and Central areas.

* 10161MR & 10167MR: Mining right application in Process, Scoping reports accepted, EIA/EMP in process

** S102 application pending on Farm Rietfontein 193JT

Corporate Governance Statement

The Board of Directors support good corporate governance practices. Unless disclosed otherwise, the best practice recommendations of the ASX Corporate Governance Council have been applied for the financial year ended 30 June 2017.

This Corporate Governance Statement was approved by the Board on 01 October 2017.

The Board has adopted a Corporate Governance Charter which encompasses a Board Charter, Code of Conduct, Continuous Disclosure Policy and Diversity Policy. Separately, the Board has also adopted a Securities Trading Policy, Audit Committee Charter and a Nomination and Remuneration Committee Charter. The Company's constitution, the Charters and the Securities Trading Policy are available on the Company's website (www.stonewallresources.com).

References to Company in this statement shall, where applicable, include the Consolidated Entity.

Principle 1: Lay solid foundations for management and oversight

The roles of the Board and the Managing Director are separate.

The Board is responsible for the following:

- (i) ensuring compliance with the *Corporations Act*, ASX Listing Rules and all other relevant laws;
- (ii) appointment of appropriate staff, consultants and experts to assist in the Company's operations, including the selection and monitoring of a chief executive officer;
- (iii) approving annual budgets and monitoring financial and other reporting;
- (iv) monitoring and ensuring appropriate accountability for directors' and senior managers' remuneration;
- (v) oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed;
- (vi) input into and final approval of management's development of corporate strategy and performance objectives;
- (vii) monitoring management's performance and implementation of strategy and ensuring appropriate resources are available;
- (viii) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;

The Managing Director is responsible for conducting the affairs of the Company under delegated authority from the Board and implementing the policies and strategies set by the Board. In carrying out his responsibilities, the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

The Managing Director and the Chief Financial Officer were appointed during the financial year and no performance review has been undertaken. No performance evaluations have been conducted on, or by, the directors during the reporting period.

The Company Secretary is directly accountable to the Board on all Board matters. He also acts as secretary of all Board committees.

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All directors and senior executive appointments are made in writing.

Diversity policy

Diversity is about the commitment to equality and treating all individuals with respect irrespective of religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference.

The Board recognizes that a diverse and inclusive workforce is not only good for our employees but also good for our business. It helps the Company attract and retain talented people, create more innovative solutions, and be more flexible and responsive. Across the Company, there is increasing momentum on diversity with a particular focus on gender and age, as well as greater work and career flexibility.

As the Company grows, the Directors are also committed to increasing the representation of females at all levels of the organisation including senior management and at Board level. However, measurable objectives for achieving gender diversity have not been set given the stage of the Company's development.

Principle 2: Structure the board to add value

The Board is comprised of the following directors, all of which are Non-Executive Directors, save for the Managing Director. The skills, experience and expertise of each director in office at the date of this report, their attendances at meetings and their term of office are detailed in the Directors' Report.

Trevor Fourie	Non Executive Chairman	Independent
Robert Thomson	Managing Director	Not independent
Eric Zhang	Non Executive Director	Not independent
Simon Liu	Non Executive Director	Not independent
Bill Richie Yang	Non Executive Director	Independent

The Chairman of the Board is an independent director, however the majority of the Board is made up of non-independent directors. Mr Thomson is the Managing Director and is not considered independent while Messrs Zhang and Liu are associated with substantial shareholders of the Company. Notwithstanding the Board is made up of a majority of non-independent directors, the Company believes the current composition is appropriate given each director has a significant stake in the success of the Company, which serves to align their interests with those of shareholders.

In assessing the independence of directors, the Company will generally regard an Independent Director as a non-executive director (that is, not a member of management) who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- 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;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- 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; and
- has no material contractual relationship with the Company or another group member other than as a director of the Company.

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Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Company.

The Company does not conduct induction or professional development programmes, however directors are encouraged to attend external programmes and courses.

Nomination and Remuneration Committee

The members of the committee are –

- Trevor Fourie (Chairman)
- Bill Richie Yang
- Simon Liu

The Nomination and Remuneration Committee Charter sets out the process for nomination and election of directors.

Principle 3: Act ethically and responsibly

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with the law;
- Encourage the reporting and investigation of unlawful and unethical behaviour; and
- Comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

The Company has an Audit and Risk Management Committee which operates under a charter that sets out its role. The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company, including appointment of external auditors, business risk management, internal control systems, business policies and practices and monitoring corporate conduct and business ethics.

Members of the Audit and Risk Committee are –

Bill Richie Yang (Chairman)

Trevor Fourie

Eric Zhang

James Liu (resigned 27 November 2016)

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The skills, experience and expertise of each committee member and their attendances at committee meetings are set out in the Directors' Report.

Financial reporting

The Managing Director, together with the Chief Financial Officer, are required to declare in writing to the Board each financial period that the financial records have been properly maintained and that the financial statements and notes for the financial period give a true and fair view of the financial position and performance of the Consolidated Entity and comply with relevant accounting standards and that the declaration, provided in accordance with section 295A of the *Corporations Act*, is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company's external auditor attends each annual general meeting and is available to answer questions pertaining to the audit of the Company's financial statements.

Principle 5: Make timely and balanced disclosures

The Company's Corporate Governance Charter incorporates the Company's continuous disclosure policy which sets out the Company's processes in dealing with price-sensitive information to ensure that it complies with its continuous disclosure obligations, the market is kept fully informed and no director, employee or third party deals in the Company's securities while in possession of inside information.

The system for releasing information to the ASX is as follows:

- (a) When any member of the Reporting Group (being the Chairman, Managing Director or Company Secretary) becomes aware of information which he or she believes may need to be disclosed, he or she immediately contacts and gives full details to each of the other members of the Reporting Group.
- (b) The Reporting Group will take the following steps in relation to information received by them:
 - assess whether disclosure is required;
 - consult legal and other advisers (including the ASX) as necessary;
 - prepare an announcement for release to the ASX; and
 - forward the release to the ASX.

In order to maintain control over disclosures, the following persons only will be authorised to speak on the Company's behalf to analysts, brokers and institutional investors, and to respond generally to shareholder queries:

- (a) the Chairperson;
- (b) the Managing Director;
- (c) the Company Secretary; and
- (d) any other person who has been given express prior authority by the Chairperson.

All announcements lodged with ASX are posted on the Company's website after they have been released by ASX.

Principle 6: Respect the rights of security holders

The Company has a facility on its website for shareholders and interested parties to register for email alerts of announcements posted on the website. Shareholders may also elect to receive notices of meetings by email.

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of the Company and other shareholder meetings, to lodge questions to be responded by the Board, and if not able to attend the meetings, are encouraged to appoint proxies.

Principle 7: Recognise and manage risks

The Board considers identification and management of key risks associated with the business as vital to maximising shareholder wealth. As a gold exploration/pre-development company operating in South Africa, the Company faces material business risks (operational, financial, environmental and social sustainability), as well as regulatory and reputational risks.

The Audit and Risk Management Committee reviews and oversees the management of the risks. Details of the Audit and Risk Committee are set out above.

The Company does not have an internal audit function.

Risk review is an ongoing function. Risks are generally managed by strategies adopted such as –

- i) annual budgets
- ii) monthly reports against budgets
- iii) financial authority limits
- iv) insurance programme
- v) regular monitoring.

The Board monitors risks through –

- a) monthly operations reports
- b) monthly financial reports against budgets
- c) briefings by senior executives
- d) tour of operations.

Principle 8: Remunerate fairly and responsibly

The Board has a Nomination and Remuneration Committee. Details of the Nomination and Remuneration Committee are set out above.

The Company's remuneration policy is set out in the Remuneration Report. The remuneration policy is designed to ensure that it is appropriate and effective in attracting and retaining the best key management personnel ("KMP"), as well as create goal congruence between KMPs and shareholders. To that end, remuneration is structured to comprise a fixed cash salary component and superannuation, supplemented by incentive securities (performance rights and/or options) linked to share price performance or operational performance hurdles.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors, currently A\$75,000 per

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annum for the Chairman and A\$50,000 per annum for each non-executive director. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in general meeting. Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with those of shareholders, all directors are encouraged to hold shares in the Company.

Towards the end of the financial year, the Company adopted an Employee Performance Rights and Option Plan ("Plan"). Grant of performance rights and options under the Plan is at the discretion of the Board and is available to employees of the Company as well as those of its subsidiaries in South Africa.

The Company does not permit the hedging of incentive options and performance rights by directors and employees. This policy was adopted on 1 October 2017.

Directors' Report

Your Directors present their report, together with the financial statements of Stonewall Resources Limited ("Company") and its controlled entities ("Consolidated Entity" or "Group") for the financial year ended 30 June 2017.

Directors

The Directors of the Company during or since the end of the financial year are:

Present Directors

Trevor Alan Fourie	Non-Executive Chairman
Robert Peter Thomson	Managing Director (Appointed 25 November 2016)
Bill Richie Yang	Non-Executive Director
Yihao (Eric) Zhang	Non-Executive Director
Yang (Simon) Liu	Non-Executive Director

Former Directors

Jian (James) Liu	Non-Executive Director (Resigned 27 November 2016)
Runxi Zhu	Non-Executive Director (Resigned 18 January 2017)
Stephen Geoffrey Gemell	Non-Executive Director (Appointed 5 July 2016, Resigned 11 January 2017)

Information on Directors

Trevor Alan Fourie	Non-Executive Chairman
Period of Directorship:	Since 27 January 2012
Qualifications:	Advanced Executive Program, School of Business Leadership, University of South Africa Diploma in Management, Henley Business School Advanced Management Program, Harvard
Experience:	Mr Fourie has had 24 years' experience in corporate and retail banking with Barclays Bank and First National Bank. Mr Fourie has served as Executive Directors of FBC Future Bank Corporation Limited and Marketing Director for WesBank. After his relocation to Australia he was appointed as Chief Executive Officer of RMB Australia's leasing division and Executive Director of RMB Australia Limited (Rand Merchant Bank Australia). As of 2008, he has pursued his own ventures in the financial services and resources sectors, and is formerly a non-executive director of Galaxy Gold.
Interest in Shares and Options:	<p>Held by Trevor Fourie ATF Quatreforte Investment Trust</p> <ul style="list-style-type: none"> - 24,509,166 fully paid ordinary shares - 2,000,000 unlisted options exercisable at \$0.035 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.030 - 2,000,000 unlisted options exercisable at \$0.040 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.035 - 5,000,000 unlisted options exercisable at \$0.025 each expiring 19 July 2022, vesting upon obtaining sufficient capital expenditure financing (debt and/or equity) to enable the group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000 ounces of gold or gold equivalent on an annualised basis <p>Held by Jenala Investments Pty Ltd ATF TAF Superannuation Fund</p> <ul style="list-style-type: none"> - 2,500,000 quoted ordinary fully paid shares - 10,000,000 unlisted options exercisable at \$0.02 expiring 12 October 2019 - 5,000,000 unlisted options exercisable at \$0.04 expiring 12 October

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	2019
Special Responsibilities:	Chairman of Remuneration and Nomination Committee
Other Listed Company Directorships in Last 3 Years:	Nil

Robert Peter Thomson	Managing Director
Period of Directorship:	Since 25 November 2016
Qualifications:	BE (Mining) (University of Queensland) MBA (University of Wollongong, NSW) Fellow, Australasian Institute of Mining and Metallurgy
Experience:	Mr. Thomson commenced his career in underground gold operations in southern Africa during the seventies and has since been involved in numerous successful gold ventures which included transitioning companies from exploration to production and the establishment of sustainable operations. He was involved in building the large and successful 100,000+ ozpa Chatree (Thailand) and Sepon Stage 1 (Laos) gold mines and as the former CEO of Climax Mining, he was instrumental in the development of the Dipidio Gold Mining Operation in the Philippines, which was eventually taken over by OceanaGold Corporation.
Interest in Shares and Options:	<p>Held Directly</p> <ul style="list-style-type: none"> - 2,000,000 performance rights expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.025 - 2,000,000 performance rights expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.030 - 2,000,000 performance rights expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.035 - 3,000,000 performance rights expiring 19 July 2022, vesting upon the achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) of greater than or equal to 40% - 1,000,000 performance rights expiring 19 July 2022, vesting upon the achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) of greater than or equal to 50% - 20,000,000 unlisted options exercisable at \$0.020 each expiring 30 April 2020 - 10,000,000 unlisted options exercisable at \$0.030 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.025 on or before 19 July 2020 - 10,000,000 unlisted options exercisable at \$0.035 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.030 on or before 19 July 2020 - 10,000,000 unlisted options exercisable at \$0.040 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.035 on or before 19 July 2020 - 15,000,000 unlisted options exercisable at \$0.025 each expiring 19 July 2022, vesting upon the achievement of Milestone 1 on or before 19 July 2020 - 10,000,000 unlisted options exercisable at \$0.025 each expiring 19 July 2022, vesting upon the achievement of Milestone 2 on or before 19 July 2020 - 10,000,000 unlisted options exercisable at \$0.030 each expiring 19 July 2022, vesting upon the achievement of Milestone 2 on or before 19 July 2020 - 10,000,000 unlisted options exercisable at \$0.030 each expiring 19 July 2022, vesting upon the achievement of Milestone 2 on or before 19 July 2020

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	<p>2022, vesting upon the achievement of Milestone 3 and Pre-Feasibility Study IRR (pre-tax) is greater than or equal to 40% on or before 19 July 2020</p> <p>Held by Monterey Consolidated Services Pty Limited <Lorodaca Super Fund></p> <ul style="list-style-type: none"> - 2,500,000 fully paid ordinary shares
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Golden Cross Resources Limited

Bill Richie Yang	Non-Executive Director
Period of Directorship:	Since 16 June 2015
Qualifications:	Bachelor of Commerce (Business Economics and Finance), University of New South Wales
Experience:	Mr Yang is an experienced Company Director, working primarily in the junior resources sector. Mr Yang has over 10 years experience working with public and private companies, focussed on capital raising and M&A. Additionally, Mr Yang has also held numerous executive directorship and management roles in junior mining development companies.
Interest in Shares and Options:	<p>Held by Bill Richie Yang att Yana Family Super Fund</p> <ul style="list-style-type: none"> - 1,500,000 performance rights expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.035 - 10,000,000 unlisted options exercisable at \$0.02 expiring 12 October 2019 - 5,000,000 unlisted options exercisable at \$0.04 expiring 12 October 2019 - 10,000,000 unlisted performance options exercisable at \$0.02 expiring 12 October 2019 - 15,000,000 unlisted options exercisable at \$0.020 each expiring 30 April 2020 - 7,500,000 unlisted options exercisable at \$0.035 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.030 on or before 19 July 2020 <p>Held by Vs Capital Investments Pty Ltd att <The Exponential Family Trust></p> <ul style="list-style-type: none"> - 1,500,000 performance rights expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.025 - 1,500,000 performance rights expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.030 - 5,000,000 performance rights expiring 19 July 2022, vesting upon the market capitalisation of the company being above \$125,000,000 for a consecutive 5 day period - 7,500,000 unlisted options exercisable at \$0.030 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.025 on or before 19 July 2020 - 7,500,000 unlisted options exercisable at \$0.040 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.035 on or before 19 July 2020 - 15,000,000 unlisted options exercisable at \$0.025 each expiring 19 July 2022, vesting upon obtaining sufficient capital expenditure financing

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	(debt and/or equity), on or before 19 July 2020, to enable the group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000 ounces of gold or gold equivalent on an annualised basis
Special Responsibilities:	Chairman of Audit Committee Member of Remuneration and Nomination Committee
Other Listed Company Directorships in Last 3 Years:	Bligh Resources Limited

Yihao (Eric) Zhang	Non-Executive Director
Period of Directorship:	Since 16 June 2015
Qualifications:	Doctor of Philosophy, Macquarie University Master of Science by Research, Macquarie University Master of Engineering, University of Technology, Sydney
Experience:	Dr Zhang is Chief Executive Officer and a Director of Tasman Funds Management Pty Ltd, a Sydney-China based funds management company. He is also a Director of China Construction International Corporation (Australia) Pty Ltd, a Chinese State Owned Enterprise subsidiary in Australia
Interest in Shares and Options:	<p>Held Directly</p> <ul style="list-style-type: none"> - 2,060,802 fully paid ordinary shares - 5,000,000 unlisted options exercisable at \$0.04 each expiring 12 October 2019 - 2,000,000 unlisted options exercisable at \$0.035 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.030 - 2,000,000 unlisted options exercisable at \$0.040 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.035 <p>Held by Tasman Funds Management Pty Ltd atf Tasman Investments Fund</p> <ul style="list-style-type: none"> - 327,309,942 fully paid ordinary shares - 5,000,000 unlisted options exercisable at \$0.03 each expiring 22 August 2019 - 3,000,000 unlisted options exercisable at \$0.015 each expiring 12 October 2019 - 1 Convertible Note with a face value of AUD 1,650,000 maturing on 1 July 2017 convertible to a maximum of 183,333,334 fully paid ordinary shares upon conversion by the noteholder at \$0.009 per share
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Bligh Resources Limited

Yang (Simon) Liu	Non-Executive Director
Period of Directorship:	Since 29 January 2013
Qualifications:	Graduate, School of Journalism and Communication, Renmin University, China
Experience:	Mr Liu has over 20 years' experience in the marketing and consulting industry. He is also highly acknowledged for his skills in petroleum and mining investment projects, having over 8 years of management experience.
Interest in Shares and Options:	<p>Held Directly</p> <ul style="list-style-type: none"> - 2,500,000 fully paid ordinary shares

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	<ul style="list-style-type: none"> - 5,000,000 unlisted options exercisable at \$0.04 each expiring 12 October 2019 - 2,000,000 unlisted options exercisable at \$0.035 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.030 - 2,000,000 unlisted options exercisable at \$0.040 each expiring 19 July 2022, vesting upon the 20 day VWAP exceeding \$0.035 <p>Hanhong New Energy Holdings Ltd</p> <ul style="list-style-type: none"> - 45,271,042 quoted ordinary fully paid shares - 5,000,000 unlisted options exercisable at \$0.03 each expiring 22 August 2019 <p>Smart Vision Investment Group Ltd</p> <ul style="list-style-type: none"> - 163,347,361 quoted ordinary fully paid shares - 5,000,000 unlisted options exercisable at \$0.015 each expiring 12 October 2019.
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Nil

Jian (James) Liu	Non-Executive Director
Period of Directorship:	6 May 2014 - 27 November 2016
Qualifications:	Bachelor of Science (Electrical Engineering), Peking University, China PHD (Physics), University of North Carolina at Chapel Hill, USA MBA, University of Chicago, USA
Experience:	Dr Liu has over 20 years' entrepreneurial experience in China, the United States of America and Africa. Dr Liu is a Managing Partner of Hanhong Private Equity Investment Company and a founding member of Smart Vision Investment Group Ltd. He has had several directorships including AENY, a USA coal mining company and Stonewall Mining Pty Ltd. He was a co-founder and managed two high-tech companies in Silicon Valley and was a former banker with Citi Group.
Interest in Shares and Options:	5,000,000 unlisted options exercisable at \$0.04 each expiring 12 October 2019
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Nil

Runxi Zhu	Non-Executive Director
Period of Directorship:	6 October 2015 – 18 January 2017
Qualifications:	Bachelor of Business Administration
Experience:	Ms Zhu is a director of Kanghua Resources Ltd, an explorer of nonferrous metals including gold in the area of Golmud in Qinghai province, China. She is also a director of Huijin US Inc., a major shareholder involved in the development of the "US Arizona Phoenix Mart". The project covers 585 acres and will include office buildings, hotels, restaurants and residential units and will become the largest convergence marketplace in Western America.
Interest in Shares and Options:	5,000,000 unlisted options exercisable at \$0.04 each expiring 12 October 2019
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Nil

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Years:	

Stephen Geoffrey Gemell	Non-Executive Director
Period of Directorship:	5 July 2016 – 11 January 2017
Qualifications:	Bachelor of Engineering (Mining) (Honours), University of Sydney South African Mine Manager's Certificate of Competency New South Wales Mine Manager's Certificate of Competency Western Australian Mine Manager's Certificate of Competency Fellow and Chartered Professional, Australasian Institute of Mining and Metallurgy Member, American Institute of Mining, Metallurgical and Petroleum Engineers Member, Mineral Industry Consultants Association
Experience:	Mr Gemell has more than 40 years' experience in the global mining industry. He has been principal of Gemell Mining Engineers, an independent multi-discipline consultancy, since its formation in Kalgoorlie in 1984. His operational experience includes management of underground and open pit mines including supervision of CIP/CIL, flotation and alluvial plants. He has also undertaken numerous management, consulting and Board roles involving mining projects in South Africa, Zimbabwe, Mozambique, Namibia, Senegal and the Democratic Republic of Congo in addition to Australia, Oceania, the Americas, Asia and Europe.
Interest in Shares and Options:	5,000,000 unlisted options exercisable at \$0.04 each expiring 12 October 2019
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Argent Minerals Limited Eastern Iron Limited (resigned 10 July 2017) Dateline Resources Limited (resigned 19 August 2014) Golden Cross Resources Limited (resigned 13 October 2014)

Company Secretary

Chin Haw Lim B.Com, CA, GIA	Mr Lim is a Chartered Accountant, having worked with various ASX-listed companies as CFO/Financial Controller and Company Secretary. He has been involved in the resources industry for many years, most recently with Finders Resources Limited (Wetar Copper Project, Indonesia) and previously with Straits Resources Limited (Girilambone Copper Mine, NSW, Nifty Copper Mine, WA and Sebuk coal mine, Indonesia) and Triako Resources Limited (Mineral Hill gold/copper mining operation, NSW).

Principal Activities

The Consolidated Entity holds prospective gold assets in the Pilgrim's Rest – Sabie goldfield, a world-renowned South African gold mining region. These assets include several surface and near-surface high-grade gold projects. The principal activities during the year were exploration related activities, as follows

- (a) Review of the extensive historical data from previous exploration and mining activities contained in paper records to identify potential areas of high grade mineralisation with a view to bringing these areas back into production in the future.
- (b) Data compilation work aimed at integrating the multitude of separate old mines, prospects and exploration information into a combined computer geological database and 3D model.

Operating and Financial Review

The review of operations during the year is set out on pages 7 to 16.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year:

- (a) Sale of its entire shareholding in subsidiary, Bosveld Mines Pty Ltd, which owns the Klipwal Gold Mine in Kwazulu-Natal Province in South Africa.
- (b) Issue of a convertible security to raise A\$2.6 million.
- (c) Issued capital increased by US\$4,305,000, arising from the issue of shares to raise funds for its ongoing activities and the conversion of debt into shares pursuant to the convertible security above.

Dividends

No dividends was paid, recommended or declared but not paid since the start of the financial year.

Likely Developments and Expected Results

Data compilation work completed during the year has identified areas of potential high grade mineralization with potentially significant resources. The Consolidated Entity plans to drill these target areas, with a view to confirming the mineralization, grades and upgrading the resources from their current inferred status.

Data compilation activities will continue on the Consolidated Entity's extensive tenement holding where the Group has access to over 43 historical mines and prospect areas that can be explored.

Environmental Regulations

The Consolidated Entity's operations are subject to environmental regulation under both South African and Australian legislation. There have been no known breaches of these regulations by the Consolidated Entity.

Significant Events after 30 June 2017

Arbitration Award

On 21 July 2017 the Beijing Court ruled that the Arbitral Award (Case No. HKIAC/A15021) against Shandong Qixing Iron Tower Co. Ltd (now known as Northcom Group Limited) will be enforced under the jurisdiction of the Beijing No. 4 Intermediate People's Court.

The Company had claimed damages against Northcom for the termination of the Share Sale Agreement pursuant to which Northcom had agreed to purchase all of the shares in subsidiary, Stonewall Mining (Proprietary) Ltd.

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In September 2016, the Arbitral Tribunal appointed under the rules of the Hong Kong International Arbitration Centre (HKIAC) determined against Northcom and awarded the Company damages as follows:

- Northcom to pay the Company USD 12.6 million; plus
- Interest on that amount at 8% pa, compounded quarterly, commencing 1 January 2015 until paid (USD 2.76 million at 30 June 2017); plus
- Northcom to pay the Company's legal costs of AUD 1.5 million (USD 1.15 million at 30 June 2017); plus
- Interest on the legal costs at 8% pa, compounded quarterly, commencing 1 September 2016 until paid (USD 79,000 at 30 June 2017); plus
- Northcom to bear 100% of the Tribunal's costs of HKD 1.9 million (USD 243,000 at 30 June 2017); plus
- Northcom to bear 100% of the HKIAC's administration costs of HKD 0.4 million (USD 52,000 at 30 June 2017)

The Company had entered into a funding agreement with a consortium who are entitled to 45% of the award plus reimbursement of the costs they have funded.

Share Issues

Subsequent to 30 June 2017, the Company announced on 22 September 2017 that it will issue a prospectus for a Share Purchase Plan ("SPP") offer to shareholders. The SPP offers eligible shareholders the opportunity to subscribe for up to \$15,000 worth of fully paid ordinary shares in the Company. Eligible shareholders will also be entitled to 1 attaching unlisted option ("SPP Option") for every 2 shares subscribed. Each share offered under the SPP will be issued at a price of \$0.024. The SPP Options are exercisable at \$0.036 per share and expire eighteen (18) months from the date of issue. The Directors reserve the right to place any shortfall shares under the SPP.

Issue of securities to Key Management Personnel

Following a shareholders meeting on 23 June 2017 at which shareholders approved the issue of securities to directors, director-related entities and employees, the following securities were issued subsequent to 30 June 2017 –

To Directors and Director-related entities

- a) 7,400,000 fully paid ordinary shares in satisfaction of director fees;
- b) 19,500,000 performance rights;
- c) 179,500,000 options.

To Employees

- a) 1,500,000 performance rights under the Employee Performance Rights and Option Plan ("Plan");
- b) 20,000,000 options under the Plan.

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Meetings of Directors

Attendances at Board and Committee meetings by directors during the year were as follows:

	Board meeting		Audit and Risk Committee meeting	
	Eligible to attend	Attended	Eligible to attend	Attended
Trevor Fourie	20	20	2	2
Robert Thomson	10	10	na	na
Richie Yang	20	20	2	2
Eric Zhang	20	11	2	1
Simon Liu	20	13	na	na
James Liu	10	7	1	1
Runxi Zhu	13	0	na	na
Stephen Gemell	12	10	na	na

The Nomination and Remuneration Committee did not meet during the year. All nomination and remuneration matters were dealt with by the Board.

Options

Issued during the year

The following options over unissued shares were issued during the year –

Name	Number
Trevor Fourie	15,000,000
Bill Richie Yang	25,000,000
Eric Zhang	5,000,000
Simon Liu	5,000,000
James Liu	5,000,000
Runxi Zhang	5,000,000
Stephen Gemell	5,000,000
George Jenkins	12,500,000
Tasman Funds Management Pty Ltd	5,000,000
Smart Vision Investment Group Ltd	5,000,000
The Australian Special Opportunity Fund, LP.	20,000,000
Applicants in share placement (1 for 3 attaching options)	11,111,120
	118,611,120

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Issued since the end of the financial year

The following options over unissued shares were issued since the end of the financial year –

Name	Performance Rights	Incentive Options
Trevor Fourie	-	9,000,000
Robert Thomson	10,000,000	95,000,000
Richie Yang	9,500,000	52,500,000
Eric Zhang	-	4,000,000
Simon Liu	-	4,000,000
George Jenkins	1,500,000*	10,000,000*
Chin Haw Lim	-	10,000,000*
Hanhong New Energy Holdings Ltd	-	5,000,000
Tasman Funds Management Pty Ltd	-	5,000,000
Kamjoh Pty Ltd ATF TA Kamara Group	-	5,000,000
Total	21,000,000	199,500,000

*under Employee Performance Rights and Option Plan

Total unissued shares under option

The unissued ordinary shares under options and performance rights at the date of this report are –

Number	Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Expiry Date
Options			
6,000,000		\$0.043	26 Feb 2018
23,272,728		\$0.011	21 Oct 2018
10,000,000		\$0.015	3 Jan 2019
20,000,000		\$0.015	22 Mar 2019
5,000,000		\$0.025	19 Jul 2019
2,222,223		\$0.030	15 Aug 2019
6,144,448		\$0.030	21 Aug 2019
10,000,000		\$0.030	22 Aug 2019
2,744,449		\$0.030	1 Sep 2019
10,500,000		\$0.015	12 Oct 2019
20,000,000		\$0.020	12 Oct 2019
10,000,000	Company achieving a market capitalisation of greater than \$25,000,000 for a period of 10 consecutive trading days	\$0.020	12 Oct 2019
5,000,000	Recommendation of production, reopening of the Group's TGME Mine and refurbishment of the plant	\$0.020	12 Oct 2019
5,000,000	Production from the Group's operations reaching 40,000 tonnes per month yielding 2,000 ounces of gold per month at a cost of less than USD750 per ounce for a period of 3 consecutive months	\$0.040	12 Oct 2019
35,000,000		\$0.040	12 Oct 2019
10,000,000		\$0.025	18 Jan 2020
10,000,000		\$0.030	18 Jan 2020
35,000,000		\$0.020	30 Apr 2020
20,000,000	20 day VWAP above \$0.025. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	19 Jul 2022
26,000,000	20 day VWAP above \$0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.035	19 July 2022
26,000,000	20 day VWAP above \$0.035. This performance hurdle must	\$0.040	19 July 2022

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	be achieved on or before the date that is three years from the date of issue of the Options.		
2,000,000	20 day VWAP above \$0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	19 July 2022
1,500,000	20 day VWAP above \$0.035. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.035	19 July 2022
1,500,000	20 day VWAP above \$0.040. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.040	19 July 2022
15,000,000	Achievement of Milestone 1. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.025	19 July 2022
10,000,000	Achievement of Milestone 2. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.025	19 July 2022
10,000,000	Achievement of Milestone 2. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	19 July 2022
10,000,000	Achievement of Milestone 3 and Pre-Feasibility Study IRR (pre-tax) is greater than or equal to 40%. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	19 July 2022
25,000,000	Obtaining sufficient capital expenditure financing (debt and/or equity) to enable the group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000 ounces of gold or gold equivalent on an annualised basis. Where the relevant capital expenditure financing is obtained through debt financing, this milestone will be deemed to have been achieved upon the first, actual drawdown of the relevant loan. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.025	19 July 2022
2,500,000	Obtaining sufficient capital expenditure financing (debt and/or equity) to enable the group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000 ounces of gold or gold equivalent on an annualised basis. Where the relevant capital expenditure financing is obtained through debt financing, this milestone will be deemed to have been achieved upon the first, actual drawdown of the relevant loan. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	19 July 2022
Performance Rights			
3,500,000	20 day VWAP above \$0.025		19 July 2022
3,500,000	20 day VWAP above \$0.030		19 July 2022
3,500,000	20 day VWAP above \$0.035		19 July 2022
3,750,000	Achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) is greater than or equal to 40%		19 July 2022
1,750,000	Achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) is greater than or equal to 50%		19 July 2022
5,000,000	Market capitalisation above \$125,000,000 for a consecutive 5 day period		19 July 2022
396,383,848			

The performance rights and option holders do not have any right to participate in any share issue of the Company or any other body corporate.

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Shares issued as a result of exercise of options

Since the end of the previous financial year, 9,000,000 shares were issued as a result of the exercise of options, as follows –

Number of shares	Issue price
3,000,000	\$0.0165
2,000,000	\$0.0150
4,000,000	\$0.0110

Indemnity and Insurance of Officers

The Company's constitution states that "Every Officer and past Officer (with the exception of any auditor) of the Company is hereby indemnified by the Company to the fullest extent permitted by law against a liability incurred by that person as an Officer of the Company or a subsidiary of the Company, including without limitation legal costs and expenses incurred in participating or being involved in or in defending Legal Proceedings." The Company has entered into Deeds of Indemnity, Access and Insurance with each director and secretary.

During the financial year, the Consolidated Entity paid a premium for a Directors and Officers Liability Insurance Policy for the benefit of the directors, secretary, other officers and employees of the Company. The contract of insurance prohibits disclosure of the terms of the policy and the amount of premium paid

Indemnity and Insurance of Auditors

The Consolidated Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Consolidated Entity or any related entity against a liability incurred by the auditor.

During the financial year, the Consolidated Entity did not pay any premium in respect of a contract to insure the auditor of the Consolidated Entity or any related entity.

Non-Audit Services

During the financial year, the auditor, Deloitte Touche, South Africa, provided taxation services to a controlled entity, for which it was paid US\$2,324. The Directors have considered the level and nature of the non-audit services provided by the auditor and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the nature of the non-audit services provided by the auditor and the quantum of fees they were paid did not compromise the auditor independence requirements of the *Corporations Act 2001*.

Full details of the auditor's remuneration are set out in Note 6 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 is set out on page 42.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Remuneration Report

This report details the nature and amount of remuneration paid/payable to key management personnel of the Consolidated Entity.

The key management personnel during the year were -

Directors

Chairman

- Trevor Fourie

Managing Director

- Robert Thomson (appointed 25 November 2017)

Non-Executive Directors

- Bill Richie Yang
- Eric Zhang
- Simon Liu
- James Liu (resigned 27 November 2016)
- Runxi Zhu (resigned 18 January 2017)
- Stephen Gemell (appointed 5 July 2016, resigned 11 January 2017)

Other Key Management Personnel

- Chin Haw Lim, Chief Financial Officer / Company Secretary (appointed 1 March 2017)
- George Jenkins, Chief Executive Officer, South Africa
- Johan Fourie, Environmental & Strategic Planning Manager, South Africa

Remuneration policy

The Board of Directors sets the remuneration policy to ensure that it is appropriate and effective in attracting and retaining the best key management personnel ("KMP") to manage the Consolidated Entity, as well as create goal congruence between KMPs and shareholders. To that end, remuneration is structured to comprise a fixed cash salary component and superannuation, supplemented by incentive securities (performance rights and/or options) linked to share price performance or operational performance hurdles.

Towards the end of the financial year, the Company adopted an Employee Performance Rights and Option Plan ("Plan"). Grant of performance rights and options under the Plan is at the discretion of the Board and is available to employees of the Company as well as those of its subsidiaries in South Africa.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board sets the director fees payable to non-executive directors, currently A\$75,000 per annum for the Chairman and A\$50,000 per annum for each non-executive director. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in general meeting. In addition, non-executive directors receive extra remuneration as determined by the Board where they perform services at the request of the Board which, in the opinion of the Board are outside the scope of the ordinary duties of a Director.

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Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with those of shareholders, all directors are encouraged to hold shares in the Company.

Relationship between Remuneration Policy and Consolidated Entity Performance

Long-term incentives

The Consolidated Entity's remuneration policy in granting incentive securities to KMPs is targeted at transforming the entity from a gold explorer to a gold producer. At this stage of the Consolidated Entity's development, the focus is not on the relationship between the Remuneration Policy and the Consolidated Entity financial performance. However, share price performance is one indicator of the Consolidated Entity's performance and incentive securities issued during the year and prior are generally linked to share price performance.

Short term incentives

No key management personnel received performance-based bonuses during the financial year (See Table of Benefits and Payments for details)

The table below sets out summary information about the Consolidated Entity's performance for the last five financial years.

		2017	2016	2015	2014	2013
Revenue	USD'000	-	-	-	4,543	7,120
Net Loss Before Tax	USD'000	5,706	4,991	10,154	13,006	29,861
Net Loss After Tax	USD'000	5,706	5,250	10,154	13,006	29,861
Basic earnings per share	US cents	(0.3)	(0.4)	(1.8)	(2.6)	(7.1)
Diluted earnings per share	US cents	(0.3)	(0.4)	(1.8)	(2.6)	(7.1)
Share price at start of year	AU cents	1.0	1.0	20.0	12.0	N/A
Share price at end of year	AU cents	2.6	1.0	1.0	20.0	12.0
Market capitalisation	AUD'000	54,515	17,366	6,400	101,839	48,540

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Details of Remuneration

The following tables detail the components of remuneration for each key management personnel of the Consolidated Entity.

Table of Benefits and Payments

2017	SHORT-TERM BENEFITS			POST-EMPLOYMENT		SHARE-BASED			
	Salary and Fees	Cash bonus	Non-monetary benefits	Pension and Super-annuation	Other	Shares /Units	Options / Rights	Termination Benefits	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Directors									
T. Fourie	266,617	-	-	-	-	-	128,158	-	394,775
R Thomson (Appointed 25 November 2016)	100,265	-	-	7,967	-	47,117	-	-	155,349
B Yang	151,868	-	-	-	-	-	218,623	-	370,491
E. Zhang	41,312	-	-	-	-	-	37,694	-	79,006
Y. Liu	37,920	-	-	-	-	-	37,694	-	75,614
J. Liu (resigned 27 November 2016)	15,614	-	-	-	-	-	37,694	-	53,308
R. Zhu (resigned 18 January 2017)	18,998	-	-	-	-	-	37,694	-	56,692
S Gemell (appointed 5 July 2016, resigned 11 January 2017)	20,822	-	-	-	-	-	37,694	-	58,516

2017	SHORT-TERM BENEFITS			POST-EMPLOYMENT		SHARE-BASED			
	Salary and Fees	Cash bonus	Non-monetary benefits	Pension and Super-annuation	Other	Shares /Units	Options / Rights	Termination Benefits	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Other Key Management Personnel									
C.H. Lim (Appointed 1 March 2017)	29,677	-	-	2,865	-	478	-	-	33,020
G. Jenkins	120,620	-	-	-	-	15,077	105,542	-	241,239
J. Fourie	120,048	-	-	-	-	-	-	-	120,048
Total Key Management Personnel	923,761	-	-	10,832	-	62,672	640,793	-	1,638,058

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2016	SHORT-TERM BENEFITS			POST-EMPLOYMENT		SHARE-BASED			
	Cash and Salary Fees	Cash bonus	Non-monetary benefits	Pension and Super-annuation	Other	Shares /Units	Options/ Rights	Termination Benefits	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Directors									
T. Fourie	72,097	-	-	-	-	-	-	-	72,097
B Yang	46,317	-	-	-	-	-	-	-	46,317
E Zhang	41,073	-	-	-	-	-	-	-	41,073
Y. Liu	36,704	-	-	-	-	-	-	-	36,704
J. Liu	36,704	-	-	-	-	-	-	-	36,704
R. Zhu (resigned 6 October 2015)	27,528	-	-	-	-	-	-	-	27,528
L. Birrell (resigned 31 October 2015)	48,540	-	-	-	-	-	-	-	48,540
G. Jenkins (appointed 20 November 2015)	95,702	-	-	-	-	-	-	-	95,702
Other Key Management Personnel									
J. Fourie	121,800	-	-	-	-	-	-	-	121,800
M Ruygrok (retrenched 30 November 2015)	72,399	-	-	-	-	-	-	5,401	77,800
H Grobler (appointed 1 November 2015)	70,190	-	-	-	-	-	-	-	70,190
E Botha	72,342	-	-	-	-	-	-	-	72,342
Total Key Management Personnel	741,396	-	-	-	-	-	-	5,401	746,797

Key management personnel equity holdings

The following tables set out the equity holdings of key management personnel of the Consolidated Entity in Stonewall Resources Limited

Fully Paid Ordinary Shares

2017	Balance at 1 July 2016	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June 2017	Balance nominally held
	No.	No.	No.	No.	No.	No.
Directors						
T Fourie	24,472,409	-	-	(339,643)	24,132,766	-
R Thomson	-	2,500,000	-	-	2,500,000	-
Y Liu	73,785,070	-	-	134,833,333	208,618,403	-
E Zhang	322,309,942	-	-	5,000,000	327,309,942	-
Other Key Management Personnel						
C.H. Lim (appointed 1 March 2017)	-	-	-	1,000,000	1,000,000	-
G. Jenkins	-	-	-	1,000,000	1,000,000	-

Stonewall Resources Limited

2016	Balance at 1 July 2015	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June 2016	Balance nominally held
	No.	No.	No.	No.	No.	No.
Directors						
T Fourie	21,132,766	-	-	3,339,643	24,472,409	-
Y Liu	73,785,070	-	-	-	73,785,070	-
E Zhang	100,000,000	-	-	222,309,942	322,309,942	-

Options

2017	Balance at 1 July 2016	Granted	Exercised	Expired	Balance at 30 June 2017
	No.	No.	No.	No.	No.
Directors					
T Fourie	-	15,000,000	-	-	15,000,000
R Yang	-	25,000,000	-	-	25,000,000
Y Liu	-	10,000,000	-	-	10,000,000
E Zhang	-	10,000,000	-	-	10,000,000
J. Liu (resigned 27 November 2016)	-	5,000,000	-	-	5,000,000
R. Zhu (resigned 18 January 2017)	-	5,000,000	-	-	5,000,000
S Gemell (appointed 5 July 2016, resigned 11 January 2017)	-	5,000,000	-	-	5,000,000
Other Key Management Personnel					
G Jenkins	-	12,500,000	-	-	12,500,000

2016	Balance at 1 July 2015	Granted	Exercised	Expired	Balance at 30 June 2016
	No.	No.	No.	No.	No.
Directors					
L Birrell *	3,006,012	-	-	(3,006,012)	-
Y Liu	1,977,705	-	-	(1,977,705)	-
Other Key Management Personnel					
None	-	-	-	-	-

*Resigned during 2016 Financial Year

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Service contracts

Name	Term	Base salary	Termination payment
Robert Thomson, Managing Director	From 24 Nov 2016 until terminated	A\$250,000 per annum, plus superannuation	3 months' notice of termination or pay in lieu plus 12 months' salary in the event of a termination on the grounds of redundancy
Chin Haw Lim, Chief Financial Officer and Company Secretary	From 1 Mar 2017 until terminated	A\$120,000 per annum, plus superannuation	3 months' notice of termination or pay in lieu plus 6 months' salary in the event of a termination on the grounds of redundancy
George Jenkins, Chief Executive Officer (South Africa)	From 1 Mar 2017 until terminated	A\$200,000 per annum	3 months' notice of termination or pay in lieu plus 6 months' salary in the event of a termination on the grounds of redundancy

Consulting contract

Name	Term	Base fee	Termination payment
Richie Yang, Non-Executive Director	Twelve months from 16 Mar 2017	A\$120,000 per annum	Nil

This directors' report, incorporating the remuneration report, has been signed in accordance with a resolution of the directors made pursuant to s298 (2) of the Corporations Act 2001.

For and on behalf of the directors



Trevor Fourie
Director

Melbourne
1 October 2017

Directors' Declaration

The directors of Stonewall Resources Limited declare that:

1. The financial statements and notes, as set out on pages 43 to 86, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Trevor Fourie', with a stylized flourish extending from the end.

Trevor Fourie
Director

Melbourne
1 October 2017

Board of Directors
Stonewall Resources Limited
Level 18, 111 Pacific Highway
North Sydney NSW 2060

1 October 2017

Dear Board Members

Stonewall Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Stonewall Resources Limited.

As lead audit partner for the audit of the financial statements of Stonewall Resources Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants

Stonewall Resources Limited

**Consolidated Statement of Profit or Loss and Other
Comprehensive Income for the Year Ended 30 June 2017**

	Notes	2017 USD'000	2016 USD'000 Restated
Continuing Operations			
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Other income	3a	199	230
Finance costs	3b	(955)	(911)
Other expenses	3d	(973)	(437)
Operating expenses	3c	(4,382)	(3,708)
Net (loss) / gain on financial liabilities	3e	-	(165)
Profit on sale of subsidiary		405	-
Loss before tax		(5,706)	(4,991)
Income tax expense	30	-	-
Loss for the period from continuing operations		(5,706)	(4,991)
Discontinued Operations			
Loss for the period from discontinued operations	4	-	(259)
Loss for the period		(5,706)	(5,250)
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operations		2,678	(1,332)
Other comprehensive (loss) / income for the period, net of income tax		2,678	(1,332)
Total comprehensive loss for the period		(3,028)	(6,582)
Loss attributable to:			
Equity holders of the parent		(5,615)	(5,133)
Non-controlling interest		(91)	(117)
		(5,706)	(5,250)
Total comprehensive income attributable to:			
Equity holders of the parent		(2,937)	(6,465)
Non-controlling interest		(91)	(117)
		(3,028)	(6,582)
Loss per share from continuing operations			
Basic (cents per share)	7	(0.30)	(0.36)
Diluted (cents per share)	7	(0.30)	(0.36)
Loss per share from discontinued operations			
Basic (cents per share)	7	-	(0.02)
Diluted (cents per share)	7	-	(0.02)

The accompanying notes form part of these financial statements

**Consolidated Statement of Financial Position
as at 30 June 2017**

	Notes	2017 USD'000	2016 USD'000 Restated
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,055	57
Trade and other receivables	9	395	164
Inventories	10	-	139
Other financial assets	11	320	9
		1,770	369
Assets classified as held for sale	4	-	132
TOTAL CURRENT ASSETS		1,770	501
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,336	1,220
Development expenditure	13	8,190	7,247
Exploration expenditure	14	1,414	1,247
Rehabilitation investment fund	15	1,356	1,176
TOTAL NON-CURRENT ASSETS		12,296	10,891
TOTAL ASSETS		14,066	11,392
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	2,974	3,223
Provisions	17	272	82
Other financial liabilities	11	32	-
Borrowings	18	1,126	6,183
		4,404	9,484
Liabilities directly associated with assets classified as held for sale	4	-	869
TOTAL CURRENT LIABILITIES		4,404	10,357
NON- CURRENT LIABILITIES			
Borrowings	18	6,480	269
Provisions	17	1,194	1,170
TOTAL NON- CURRENT LIABILITIES		7,674	1,439
TOTAL LIABILITIES		12,078	11,796
NET ASSETS		1,988	(404)
EQUITY			
Issued capital	19	62,134	57,829
Reserves		5,830	4,959
Accumulated losses		(65,976)	(60,361)
Non-controlling interest	28	-	(2,831)
TOTAL EQUITY		1,988	(404)

The accompanying notes form part of these financial statements

Stonewall Resources Limited

**Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2017**

	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Option Reserve	Foreign Exchange Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non-controlling Interest	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance 1 July 2015	51,498	10,346	30	192	92	(4,688)	(55,228)	2,242	(2,713)	(471)
Loss for the period							(5,133)	(5,133)	(117)	(5,250)
Other comprehensive income, net of tax (restated)						(1,332)		(1,332)		(1,332)
Total comprehensive income (restated)						(1,332)	(5,133)	(6,465)	(117)	(6,582)
Equity portion of related party transactions										
Issue of convertible notes (restated)				6				6		6
Issue of options					312			312		312
Issue of shares	6,763							6,763		6,763
Cost of share issues	(432)							(432)		(432)
Balance at 30 June 2016 (restated)	57,829	10,346	30	198	404	(6,020)	(60,361)	2,426	(2,830)	(404)

The accompanying notes form part of these financial statements

- 1 The equity reserve recognises the value of share based payments made on the transfer of shares to BEE entities and includes the equity portion of related party loan not extended on market related terms in the current year.
2 The asset revaluation reserve is used to recognise the fair value of the entity's residential property.
3 The option premium on convertible notes represents the equity component (conversion rights) of the convertible notes issued.
4 The option reserve is used to recognise the value of options granted.

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Restated	Issued Capital	Equity Reserve ¹	Asset Revaluation Reserve ²	Option Premium on Convertible Notes ³	Share based payment reserve	Foreign Exchange Reserve ⁵	Accumulated Losses	Attributable to Owners of the Parent	Non-controlling Interest	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance 1 July 2016 (restated)	57,829	10,346	30	198	404	(6,020)	(60,361)	2,426	(2,830)	(404)
Loss for the period							(5,615)	(5,615)	(91)	(5,706)
Other comprehensive income net of income tax						2,697		2,697		2,697
Total comprehensive income						2,697	(5,615)	(2,918)	(91)	(3,009)
Equity portion of related party Recognition of share based payments					931			931		931
Sale of controlling interest		(2,921)						(2,921)	2,921	-
Issue of options		165						165		165
Issue of shares	4,371							4,371		4,371
Cost of shares issued	(66)							(66)		(66)
Balance 30 June 2017	62,134	7,590	30	198	1,335	(3,323)	(65,976)	1,988	-	1,988

Consolidated Statement of Cash Flows for the Year Ended 30 June 2017

	Notes	2017 USD'000	2016 USD'000
Cash flows from operating activities			
			-
Payments to suppliers and employees		(3,269)	(3,613)
Reimbursement of costs		-	33
Interest received		65	3
Interest paid		(147)	(277)
Net cash from operating activities	24	(3,351)	(3,854)
Cash flows from investing activities			
Payments for property, plant and equipment		(20)	(1)
Payments for exploration expenditure		(206)	-
Proceeds from disposal of equity instruments		882	-
Net refunds / (payments) for rehabilitation investment		(17)	(13)
Proceeds from disposal of property, plant and equipment		45	48
Proceeds from security deposits		-	15
Loans (paid) / advanced to directors		-	(5)
Net cash flow from investing activities		684	44
Cash flow from financing activities			
Proceeds from issues of shares and other equity securities		2,798	4,869
Payments for share issue costs		(61)	(368)
Proceeds from borrowings		1,783	666
Repayment of borrowings		(835)	(61)
Increase / (decrease) in finance lease obligation		(19)	(157)
Net cash flow from financing activities		3,666	4,949
Net increase / (decrease) in cash and cash equivalents		999	1,139
Cash and cash equivalents at the beginning of the year		(178)	(116)
Exchange rate adjustments		12	(1,202)
Cash and cash equivalents at the end of the year	8	833	(178)

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2017

Note 1: Basis of Preparation of Financial Report

i. Compliance Statement

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of Stonewall Resources Limited and its controlled entities ("Consolidated Entity"). Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

ii. Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in thousands of USD, unless otherwise noted.

iii. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business.

The Consolidated Entity and the Company made a loss of US\$5,706,000 and US\$606,000 respectively for the financial year ended 30 June 2017, and the Consolidated Entity had cash outflows from operating activities of US\$3,351,000. At 30 June 2017, the Consolidated Entity and Company had net current liabilities of US\$2,684,000 and US\$209,000 respectively.

The above matters indicate material uncertainty that may cast doubt on the Company and the Consolidated Entity's ability to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Company and the Consolidated Entity have been able to continue as going concerns with the support of shareholders and other investors as well as the forbearance of their legacy creditors, which are being repaid gradually. As an explorer with pre-development assets and no source of revenue, the Company and the Consolidated Entity are reliant on their ability to raise equity from capital markets to fund their on-going cash requirements. That in turn is dependent on the attractiveness of its gold projects in South Africa. As described in the review of operations on pages 7 to 16, the Consolidated Entity has made significant progress towards realizing the value of its gold assets, which has underpinned its ability to raise capital from investors. In particular, the Consolidated Entity now has:

- (a) 3.72 million ounces of measured, indicated and inferred gold mineral resources (refer page 15);
- (b) Completed scoping studies, the most recent of which covers the Rietfontein and Beta mines and concluded that a high grade (11g/t) operation capable of producing up to 100,000 ounces gold per annum could potentially be developed;

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- (c) An exploration target of 3.4Mt to 5.6Mt has been established at Theta Hill mine, including the Lower Theta seam with a target of 1.0Mt to 1.7Mt at 16.6g/t to 26.6g/t Au.

The above has enhanced and will continue to underpin the Company's ability to raise equity funds for the Consolidated Entity's exploration and working capital.

The Company raised approximately US\$4.52 million during the year from a share purchase plan offer to shareholders and placements of shares to sophisticated investors (US\$2.74 million) and a convertible security (US\$1.78 million) and continue to be able to raise new funds to support its activities. Subsequent to 30 June 2017 and as disclosed in Note 30, the Company has announced that it will issue a prospectus for a Share Purchase Plan ("SPP") offer to shareholders to raise approximately A\$6.0 million. The SPP offers eligible shareholders the opportunity to subscribe for up to \$15,000 worth of fully paid ordinary shares in the Company. Eligible shareholders will also be entitled to 1 attaching unlisted option ("SPP Option") for every 2 shares subscribed. Each share offered under the SPP will be issued at a price of \$0.024. The SPP Options are exercisable at \$0.036 per share and expire eighteen (18) months from the date of issue. The Directors reserve the right to place any shortfall shares under the SPP

The Consolidated Entity's funding strategy is to raise debt or equity funding as required at an appropriate price to fund its ongoing operations. The Consolidated Entity has a history over a number of years of being able to raise additional debt and equity capital as required to fund its operations. It continues to proactively manage its cash flow requirements to ensure that funds are available, including from capital raisings, as and when required.

The Directors consider that the Company and the Consolidated Entity are going concerns based on their forecast cash flows for the period to 30 September 2018 and based on the following key assumptions:

- a) Based on the timing of forecast operating, investing and financing cash flows, the Consolidated Entity will be required to source funding for a minimum of the following amounts, net of costs:
- o AUD 2,000,000 (USD 1,537,000) in October 2017 which it is aiming to achieve via a share placement
 - o AUD 2,000,000 (USD 1,537,000) in November 2017 via a combination of the share purchase plan announced on 22 September 2017 and share placements

The Consolidated Entity has received letters of support from two major shareholders stating that they will support the Company's share purchase plan announced on 22 September 2017 in the event the Company is unsuccessful in raising additional funds from third parties, by subscribing for such number of shortfall shares as is required to provide sufficient funds for the Consolidated Entity's non-discretionary expenses;

- b) An additional AUD 4,000,000 (USD 3,074,000) of funding is required to be raised in the period from January 2018 to May 2018, which is forecast to satisfy the Consolidated Entity's funding requirements until the end of September 2018. The additional funds will be raised from the share purchase plan and/or share placements, including by the directors placing any shortfall under the SPP. The Consolidated Entity has also recently given mandates to advisors to source equity funding from institutional and corporate investors. No offers arising from these mandates have been received to date;
- c) The Company being able to draw down a further A\$190,000 a month, if necessary, under the convertible security funding agreement (Note 18(b)(iv)) and if necessary, electing to make any required repayments under the agreement by issuing shares to the lender;

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- d) Receipt of a final instalment of AUD 95,000 (USD 73,000) in November 2017 as part of the sale of its remaining 23% shareholding in Bosveld Mines (Pty) Ltd;
- e) The Consolidated Entity has obtained confirmation that the amount owing on the balance of the loan from Blond Mile International Limited (USD 63,000) is not repayable within the next 12 months unless the Company raises in excess of \$2 million under the SPP; and
- f) The Consolidated Entity will be able to continue to defer creditor payments and the outstanding creditors' balances will continue to be paid on a progressive basis in accordance with verbal discussions with the relevant creditors.

Additionally, subsequent to 30 June 2017 and as disclosed in Note 30 to the financial report, the Beijing Court ruled that the Beijing No. 4 Intermediate People's Court has jurisdiction for the enforcement of the Arbitral Award by the Hong Kong International Arbitration Centre which awarded the Company damages in an arbitration case against Shandong Qixing Iron Tower Co., Ltd (renamed Northcom Group Limited ("Northcom")) arising from the latter's termination of a Share Sale Agreement. The Company expects to receive approximately US\$8,400,000 (net of all costs) upon finalization of enforcement proceedings. The Company has since applied to the Beijing No. 4 Intermediate People's Court for an accelerated enforcement of its damages claim against Northcom. Pending payment by Northcom, the Company has not recognised the damages awarded as a receivable in the balance sheet.

The ability of the Company and the Consolidated Entity to continue as going concerns and meet their debts and commitments as they fall due is dependent upon the Company being successful in raising additional funds as detailed above and the Consolidated Entity receiving the ongoing financial support of legacy creditors to continue to accept deferred payment arrangements. The Directors believe that the Company and the Consolidated Entity will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

In the event the Company and the Consolidated Entity are unsuccessful in achieving the above matters, there is material uncertainty that may cast significant doubt as to whether the Company and the Consolidated Entity will continue as going concerns and, therefore, whether they will realise their assets and settle their liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company and Consolidated Entity not continue as going concerns.

iv. Correction to Comparative Figures

In preparing this financial report, it was identified that borrowings as at 30 June 2016 were understated by USD 238,957 whilst the foreign currency translation reserve was overstated by that amount. Consequently, the comparative figures as presented in the Consolidated Statement of Financial Position have been amended to correctly represent borrowings and reserves.

For further details in respect to the borrowings, please refer to Note 18. The impact of the correction on the reserves can be seen in the Consolidated Statement of Changes in Equity.

Certain other comparative figures have been amended to conform with the current year presentation.

v. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

Key Judgments and Estimates

Impairment

The carrying amounts of the Consolidated Entity's assets, including capitalized exploration costs (refer Note 14 and development costs (refer Note 13) are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. Given the nature of the Consolidated Entity's mining assets which have finite mine lives, the recoverable amount is estimated using a Fair Value less Costs of Disposal (FVLCD) model.

The key estimates and judgments underpinning the model include the following:

- Mineral resource estimates – which the Consolidated Entity determines using the latest Mineral Resource Report prepared by an Independent Competent Person
- Future gold price estimates – which the Consolidated Entity determines using published gold valuation curves

Details of the mineral resource estimates used in the Consolidated Entity's FVLCD model are presented in the Mineral Resource Statement included in this annual financial report.

The FVLCD model prepared at 30 June 2017 determined a value in excess of the carrying amounts of the Consolidated Entity's assets and therefore no impairment charge was recognized.

Fair value of derivatives and other financial instruments

As described in Note 2(i) and 26, management uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

As disclosed in Notes 11 and 18, as at 30 June 2017 the carrying value of convertible notes and other securities including related derivatives were:

- Convertible note – USD 1,621,000 (2016: USD 1,384,000)
- Convertible security – USD 925,000 (2016: nil) ;
- Derivative asset – share settlement call option: USD 320,000 (2016: nil);
- Derivative liability – put option: USD 32,000 (2016: nil);

The accounting for and the valuation of the convertible securities is complex due to significant judgement involved in:

- Determining the appropriate accounting treatment; and
- Inputs into the fair value calculations of the embedded derivatives, including the volatility of the underlying share price.

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Refer to Notes 2(i) and 26 for further details.

Exploration and Evaluation Expenditure

The Consolidated Entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Note 2: Summary of Significant Accounting Policies

a. Principles of Consolidation

For the purposes of preparing the consolidated financial statements, the accounting parent is Stonewall Mining (Proprietary) Ltd (legal acquiree) and the accounting subsidiary is Stonewall Resources Limited (legal acquirer)

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Stonewall Resources Limited as at 30 June 2017 and the results of all subsidiaries (including the special purpose vehicles) for the year then ended. Stonewall Resources Limited and its subsidiaries (including the special purpose vehicles) together are referred to in these financial statements as the 'Consolidated Entity'.

Control is achieved when the Consolidated Entity:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Consolidated Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b. Black Economic Empowerment (BEE) Transactions

Where equity instruments are issued to a BEE partner at less than fair value, these are accounted for as share-based payments.

The difference between the fair value of the equity instruments issued and the consideration received is accounted for as an expense in profit or loss on the transaction date, with a corresponding increase in equity. No service or other conditions exist for BEE partners. A restriction on the BEE partner to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

c. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

e. Discontinued operations

A discontinued operation is a component of the Consolidated Entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

f. Earnings Per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

g. Employee Benefit Liabilities

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

h. Exploration and development expenditure

Exploration and evaluation expenditure is carried forward in the accounts in respect to areas of interest for which the rights of tenure are current and where –

- (i) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- (ii) exploration and/or evaluation activities in the area have not yet reached a stage 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.

Where the expenditure is expected to be recouped through development and economic exploitation of the area of interest, the accumulated costs are transferred to mine properties and amortised over the life of the mine in proportion to the depletion of the economically recoverable mineral reserves.

Costs carried forward in respect of an area of interest which no longer satisfy the above policy are written off in the period in which that decision is made.

Development expenditure

Development expenditure carried forward represents the accumulation of exploration, evaluation and development expenditure.

Amortisation of development expenditure is calculated on a unit-of-production basis so as to write off the cost over the life of the project in proportion to the depletion of the anticipated recoverable mineral reserves.

i. Financial Instruments

Initial Recognition and Measurement

Financial assets, financial liabilities and compound instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset (i.e. Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss.

Classification and Subsequent Measurement

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Finance instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investment. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expenses over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payment or receipts (including fees, transaction costs, and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expenses in profit or loss.

i Financial Assets at Fair Value through Profit or Loss

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value are included in profit or loss.

ii. Financial Liabilities

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 26.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

iii. Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Consolidated Entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Consolidated Entity's own equity instruments is an equity instrument.

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At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits/ accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

iv. De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

j. Foreign Currency Translation

i. Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates. The consolidated financial statements are presented in United States Dollars (USD); on the basis that the US dollar is the most appropriate base given the Consolidated Entity operates in more than

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one currency and has a large investor base which operates in a different functional currency to all companies in the Consolidated Entity.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are attributable to part of the net investment in a foreign operation.

ii. Net investments in foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period, and
- All resulting exchange differences are recognised in other comprehensive income.

k. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO) and South African Revenue Service (SARS).

Receivables and payables are stated inclusive of the amount of GST and VAT receivables or payable. The net amount of GST and VAT recoverable from, or payable to, the ATO and SARS is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO and SARS are presented as operating cash flows and included in receipts from customers or payments to suppliers.

l. Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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Deferred tax assets and liabilities are calculated at the tax rate that are expected to apply to the period when the assets is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set off exists, (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

m. Impairment of Assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

n. Inventories

Inventories are valued at the lower of cost or estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Obsolete and slow moving consumable stock is identified and suitable write-downs in value are made when necessary.

o. Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability is established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

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Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

p. Non-current assets held for sale

Non-currents assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying value amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognized for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

q. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Furniture and fittings	16.66%
Plant and machinery	20%
Computer equipment	33.33%
Motor vehicles	20%
Buildings	5%

The assets' carrying amounts and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

r. Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

s. Rehabilitation Provision

Estimated long-term environmental provisions, comprising pollution control, rehabilitation, decommissioning and mine closure, are based on the Consolidated Entity's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises.

The provision is based on the estimated cost before salvages, for the Consolidated Entity to rehabilitate the mine sites. The present value of the provision for rehabilitation costs is updated using an average inflation rate during periods when limited environment disturbance is caused.

t. Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from the sale is recognised when the significant risks and rewards of ownership are transferred to the buyer.
- The Consolidated Entity retains neither continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest revenue is recognised using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST) and value added tax (VAT).

u. Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

v. New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

w. New Accounting Standards and Interpretations not yet mandatory or early adopted

The following Accounting Standards and Interpretations are in issue, but have not yet been adopted as management is yet to make an assessment of their impact:

AASB 9 Financial instruments and its consequential amendments
AASB 15 Revenue from contracts and customers
AASB 16 Leases

Note 3: Profit /Loss from Operations

	2017 USD'000	2016 USD'000 Restated
(a) Other income		
Interest income	65	46
Fair value adjustment on rehabilitation trust fund	-	64
Other income	134	121
	<u>199</u>	<u>230</u>
(b) Finance Costs		
Bank overdraft and other	322	119
Finance leases	4	135
Convertible notes	629	665
	<u>955</u>	<u>919</u>
(c) Operating expenses		
Administration expenses	512	422
Consultants expenses and professional costs	1,090	771
Employee and contractor expenses	2,076	748
Depreciation	216	347
Other operating expenses	488	1,412
	<u>4,382</u>	<u>3,700</u>
(d) Other expenses		
Impairment of mining assets and development	360	229
Provision for doubtful debts	409	-
Other expenses	204	208
	<u>973</u>	<u>437</u>
(e) Net (loss) / gain on financial liabilities		
Gain on revaluation of deferred consideration	-	17
Loss on revaluation of financial liabilities at fair value through profit and loss	-	(182)
	<u>-</u>	<u>(165)</u>

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Note 4: Assets Held for Sale & Discontinued Operations

On 15 July 2016, the Consolidated Entity announced that it had agreed to sell 51% of its interest in Bosveld Mines (Pty) Ltd. Bosveld Mines Pty Ltd.'s South African asset, Klipwal Gold Mine, is located in South Africa's Kwa-Zulu Natal Province.

As required by AASB 5 the assets and liabilities of Bosveld were classified as held for sale as at 30 June 2016.

Bosveld's assets were revalued to the lower of carrying value and fair value less cost to sell.

	2017 USD'000	2016 USD'000
Financial Performance Information – Loss for the year		
Discontinued Operations		
Interest income	8	8
Other income	1	26
Finance costs	(5)	(8)
Operating expenses	(59)	(285)
Loss for the period from Discontinued Operations	(55)	(259)
Cash Flow Information		
Net cash used in operating activities	(509)	(398)
Net cash provided by investing activities	32	12
Net cash from financing activities	477	385
Net cash (outflow) / inflow	-	(1)
Financial Position Information		
Cash and cash equivalents	1	1
Other receivables	28	19
Rehabilitation investment funds	101	112
Total assets	130	132
Trade and other payables	226	235
Loan payable	3,297	
Employee benefits	17	15
Environmental rehabilitation provision	739	619
Total liabilities	4,279	869
Net liabilities	4,149	737

Bosveld's property, plant and equipment and mineral rights were impaired in full during 2015.

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Note 5: Key Management Personnel Compensation

Details of the remuneration paid or payable to each member of the Consolidated Entity's key management personnel (KMP) are set out in the Remuneration Report contained in the Directors' Report on pages 35 to 40

	2017 USD	2016 USD
Total remuneration paid or payable to KMPs is as follows:		
Short-term employee benefits	923,761	741,396
Post-employment benefits	10,832	-
Termination benefits	-	5,401
Share-based payment	703,465	-
	<u>1,638,058</u>	<u>746,797</u>

Note 6: Auditor's Remuneration

Deloitte Touche Tohmatsu, Australia

- Audit and review of financial report
- Tax advice

173,779	35,381
-	-
<u>173,779</u>	<u>35,381</u>

Deloitte and Touche, South Africa

- Audit and review of financial report
- Tax advice

72,809	80,136
2,324	-
<u>75,133</u>	<u>80,136</u>

Note 7: Earnings per Share

Basic earnings per share

From continuing operations	(0.30)	(0.36)
From discontinued operations	-	(0.02)
Total basic earnings per share	<u>(0.30)</u>	<u>(0.38)</u>

Diluted earnings per share

From continuing operations	(0.30)	(0.36)
From discontinued operations	-	(0.02)
Total diluted earnings per share	<u>(0.30)</u>	<u>(0.38)</u>

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a. Reconciliation of earnings to profit or loss:

	2017 USD'000	2016 USD'000 Restated
Loss for the year attributable to owners of the Company	5,706	5,250
Loss used in the calculation of basic earnings per share from continuing operations	5,706	4,991
Loss used in the calculation of basic earnings per share from discontinued operations	-	259
	<u>5,706</u>	<u>5,250</u>
	Number of shares	Number of shares
b. Weighted average number of ordinary shares used in calculating basic and diluted EPS	<u>1,902,753,599</u>	<u>1,374,323,302</u>

The Consolidated Entity currently has a number of options and convertible notes on issue. These options and convertible notes could potentially dilute basic earnings per share in the future but have not been included in the earnings per share calculation due to being anti-dilutive for the period.

Note 8: Cash and Cash Equivalents

	2017 USD'000	2016 USD'000
Cash at bank and in hand	1,055	57
<u>Reconciliation to Statement of Cash Flows</u>		
Cash at bank and in hand as above	1,055	57
Bank overdraft	(222)	(236)
Cash and cash equivalents per Statement of Cash Flows	<u>833</u>	<u>(179)</u>

Note 9: Trade and Other Receivables

Current

Trade receivables	-	-
Tax receivable	76	54
Other receivables	319	129
	<u>395</u>	<u>183</u>
Other receivables held within assets held for sale	-	(19)
	<u>395</u>	<u>164</u>

The Consolidated Entity has disposed of its entire shareholding in Bosveld Mines Pty Ltd. The consideration is payable in instalments, with the final instalment due in September 2017.

The value of receivables considered by the directors to be past due or impaired is nil (2016: nil).

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	2017	2016
	USD'000	USD'000
Note 10: Inventories		

Current

Stores and materials	-	139
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Note 11: Other Financial Assets and Liabilities

Other Financial Assets

Investment in shares	-	9
Derivative asset –share settlement call option	320	-
	320	9

Other Financial Liabilities

Derivative liability – put option	32	-
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The derivative asset and liability arise from the Convertible Security Funding Agreement with The Australian Special Opportunity Fund, LP as disclosed in Note 18(b).

Note 12: Property, Plant and Equipment

	2017	2016
	USD'000	USD'000
Land and buildings		
Land and buildings - at cost	1,108	1,083
Less accumulated depreciation	(98)	(52)
	1,010	1,031
Plant and machinery		
Plant and machinery - at cost	1,409	934
Less accumulated depreciation	(1,120)	(789)
	289	145
Motor vehicles		
Motor vehicles - at cost	207	178
Less accumulated depreciation	(170)	(134)
	37	44
Total Property, Plant and Equipment	1,336	1,220

Movements:

Land and buildings

Opening net book value	1,031	1,134
Depreciation	(38)	(23)
Exchange rate effect	17	(80)
Closing net book value	1,010	1,031

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	2017 USD'000	2016 USD'000
<u>Plant and machinery</u>		
Opening net book value	145	709
Additions	1	-
Disposals	(45)	(174)
Depreciation	(138)	(370)
Reclassification from development expenditure	189	-
Exchange rate effect	137	(20)
Closing net book value	289	145

<u>Motor vehicles</u>		
Opening net book value	44	109
Additions	16	4
Disposals	-	(24)
Depreciation	(27)	(28)
Exchange rate effect	4	(17)
Closing net book value	37	44

Note 13: Development Expenditure

Development expenditure - at cost	11,109	11,956
Less accumulated amortisation	(2,919)	(4,709)
	8,190	7,247

Movements:

Opening net book value	7,247	9,133
Additions	170	-
Disposals	-	(16)
Amortisation	(14)	(149)
Impairment	-	(188)
Reclassification to plant and machinery	(189)	-
Exchange rate effect	976	(1,534)
Closing net book value	8,190	7,247

Note 14: Exploration Expenditure

Exploration expenditure	1,414	1,247
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Movements:

Opening balance	1,247	1,500
Exchange rate effect	167	(253)
Closing balance	1,414	1,247

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Note 15: Rehabilitation Investment Funds

	2017 USD'000	2016 USD'000
Opening Balance	1,176	1,413
Interest received	42	11
Fair value adjustment	1	64
Additions / (Withdrawals)	(22)	22
Exchange rate effect	158	(221)
	1,356	1,289
Rehabilitation Investment Fund within assets held for sale	-	(112)
Closing Balance	1,356	1,176

The rehabilitation funds have been invested in investment policies and an interest bearing term investment account and these have been pledged as security for the issue of rehabilitation guarantees to the Department of Mineral Resources (South Africa) in support of the various mining licenses.

The Rehabilitation Investment Fund is measured at fair value.

Note 16: Trade and Other Payables

Current

	2017 USD'000	2016 USD'000 Restated
Trade payables	1,498	1,805
Other Payables (Note 16(a))	77	670
Employee benefits	14	-
Accrued expenses	1,385	983
	2,974	3,458
Trade payables within liabilities held for sale	-	(235)
	2,974	3,223

The average credit period on purchases of certain goods is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged at variable rates per annum on the outstanding balances from certain suppliers.

(a) Other payables in 2016 include a short term bridging finance facility that was converted to 72,727,273 shares at \$0.011 per share.

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Note 17: Provisions

	2017 USD'000	2016 USD'000
Current		
Provision for employee benefits	114	97
Provision for audit fees	158	-
	<u>272</u>	<u>97</u>
Employee benefits within liabilities held for sale	-	(15)
	<u>272</u>	<u>82</u>
Non-Current		
Rehabilitation provision		
Balance at beginning of year	1,170	1,955
Changes in estimate during year	(127)	168
Effect of foreign currency exchange differences	151	(334)
	<u>1,194</u>	<u>1,788</u>
Rehabilitation provision within liabilities held for sale	-	(619)
Balance at end of year	<u>1,194</u>	<u>1,170</u>

The rehabilitation provision relates to the Consolidated Entity's obligation to restore and rehabilitate areas within its mining tenements where there has been exploration and mining activities in the past. The provision includes costs relating to the decommissioning of the gold processing plant.

The provision is supported by cash held in a Rehabilitation Investment Fund (Note 15).

Note 18: Borrowings

		2017 USD'000	2016 USD'000 Restated
Current			
<u>Secured</u>			
Convertible security	(a), (b)	727	-
Bank overdraft	(a), (c)	222	236
Vendor finance	(a), (d)	26	20
Finance lease	(a), (e)	21	18
		<u>996</u>	<u>274</u>
<u>Unsecured</u>			
Loan – related party	(a), (f)	-	3,865
Loan – unrelated party	(a), (g)	63	635
Convertible note	(a), (h)	-	1,384
Other		67	25
		<u>130</u>	<u>5,909</u>
Total		<u>1,126</u>	<u>6,183</u>

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		2017 USD'000	2016 USD'000 Restated
Non-Current			
<u>Secured</u>			
Convertible security	(a), (b)	198	-
Vendor finance	(a), (d)	254	250
Finance lease	(a), (e)	-	19
		452	269
<u>Unsecured</u>			
Loan – related party	(a), (f)	4,408	-
Convertible note	(a), (h)	1,620	-
		6,028	-
Total		6,480	269

(a) Details of loans

	Note	2017 USD'000	2016 USD'000	Repayment terms	Interest rate pa
Convertible security	18(b)	925	-	Refer Note 18(b)	
Bank overdraft	18(c)	222	236	On demand	11.5%
Vendor finance	18(d)	280	270	Repayable over 10 years from August 2014	South African prime rate +2%
Finance lease	18(e)	21	37	Repayable over 12 months	12.5%
Loan – related party	18(f)	4,408	3,865	Subject to standstill agreement, not repayable until convertible security repaid in full	10.0%
Loans – unrelated parties		63	635	On demand	24%
Convertible note	18(g)	1,620	1,384	Subject to standstill agreement, not repayable until convertible security repaid in full	12.0%
Other		67	25		
Total		7,606	6,452		

(b) Convertible security

The Company has entered into a Convertible Security Funding Agreement with The Australian Special Opportunity Fund, LP (“ASOF”), an entity managed by Lind Partners, LLC.

A summary of the material terms and conditions of the Convertible Security Funding Agreement are set out below.

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- (i) ASOF has advanced A\$2,000,000 ("Initial Advance") to the Company,
- (ii) In consideration for the loan of A\$2,000,000, the Company issued to ASOF, a convertible security for an initial face value of A\$2,520,000 ("Convertible Security"),
- (iii) The Company has also issued ASOF -
 - 25,000,000 collateral shares in the Company
 - 10,000,000 unlisted options exercisable at A\$0.025 each on or before 18 January 2020
 - 10,000,000 unlisted options exercisable at A\$0.03 each on or before 18 January 2020
- (iv) Following the Initial Advance, ASOF agreed to pay a monthly advance of A\$60,000 to the Company ("Monthly Advance") for 10 consecutive months commencing from May 2017. Upon mutual consent between the parties, the Monthly Advance may be increased to A\$250,000,
- (v) The Convertible Security Facility is repayable in 24 equal monthly instalments of A\$130,000 commencing May 2017.
- (vi) The term of the Convertible Security Facility is the later of 31 April 2019 or 30 calendar days after the date on which the Company repays the amount outstanding of the Convertible Security in full ("Term"),
- (vii) ASOF has the right to convert the outstanding balance of the Convertible Security to shares in the Company at a pre-set conversion price of AUD0.019 per share at any time during the Term. As at 30 June 2017, ASOF had converted A\$800,000 of the loan. ASOF may also elect to apply any loan conversion in whole or part by a reduction in the 25,000,000 collateral shares it holds.
- (viii) The Convertible Security is secured against the Company's Australian assets and its holding in its South African wholly owned subsidiary, Stonewall Mining (Pty) Ltd, and
- (ix) Two existing lenders to the Company, Australian Private Capital Investment Group (International) Ltd and Tasman Funds Management Ltd, have entered into standstill agreements with the Company and ASOF for the term of the Convertible Security Funding Agreement.
- (x) The Company may, at its election, make the repayments in:
 - cash, at a premium of 2.5% of the repayment amount; and/or
 - by the issue of that number of shares in the Company at a price that is equal to 90% of the average of three (3) consecutive daily VWAPs per share during the 20 consecutive trading days immediately prior.
- (xi) To account for the Convertible Security Funding Agreement in accordance with Australian Accounting Standards, the Company has recognised a liability for the debt instrument and 3 separate instruments in respect of the various conversion options included in the agreement. At 30 June 2017, the Company has recognised a liability of USD 925,000 (split between current and non-current), a derivative current asset of USD 320,000 (refer Note 11), a derivative current financial liability of USD 32,000 (refer Note 11), and an equity instrument of USD 165,000 recognised in equity.

(c) Bank overdraft

The bank overdraft carries interest at 11.50% per annum, linked to the prime lending rate. The overdraft is secured by a bond over the residential properties owned by a controlled entity. The overdraft limit is USD 213,000 (2016: USD 236,000).

(d) Vendor finance

The loan is secured by registration of a first covering private bond in favour of the lender, over the properties purchased by a controlled entity from the lender in 2014.

(e) Finance lease

Finance leases are capitalized at an effective interest rate of 12.5% per annum. The remaining lease terms range from 8 to 12 months. This liability is secured by installment lease agreements over motor vehicles with a net book value of USD 13,886 (2016: USD 19,898).

(f) Loan – related party

In 2013, the Company entered into a loan agreement with Australian Private Capital Investment Group (International) Ltd ("APCIG"), a company associated with Mr Simon Liu, a director of the Company, whereby APCIG lent the Company A\$4,000,000 (USD 3,720,450). The key terms of the loan are –

- (i) Interest accrues at the rate of 10% per annum;

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- (ii) The loan is unsecured;
- (iii) The loan matured on 31 January 2017, however APCIG is party to a standstill agreement with ASOF pursuant to which it agreed not to demand repayment of the note during the term of the Convertible Security Funding Agreement (refer Note 18(b)).

As previously announced, certain individuals purporting to represent the loan provider, APCIG, have threatened the Company with various claims, including issuing statutory demands on the Company on two occasions, the most recent in May 2017. On both occasions, the courts have issued orders that the statutory demands be set aside.

The Company's view was, and remains, that the claims were without foundation and were otherwise considered frivolous and vexatious. The Company's position was that the parties purporting to represent APCIG establish their entitlement by commencing legal proceedings to establish the same. Failing that, if the confusion continues, the Company will seek direction from a court of competent jurisdiction to reach a determination as to who the Company should in fact repay and so direct the Company to do so.

The Company has agreed to an arrangement with the controller of the loan as follows:

- (i) Under the loan agreement with APCIG, it undertook to provide a loan of A\$5 million, however APCIG failed to honour its undertaking and only advanced A\$4 million. Consequently, the Company and APCIG agreed that interest would accrue at the funding rate (10% per annum) but payment of interest would be suspended and total principal and interest would accrue up to a limit of A\$5 million.
- (ii) That repayment (now subject to the standstill agreement with ASOF referred to above) would be made within 7 business days of the Company receiving the Arbitral award from Shandong Qixing Iron Tower Co., Ltd (now known as Northcom Group Limited) as follows:
 - (i) A\$3,330,000 in cash; and
 - (ii) A\$1,670,000 in Stonewall shares issued at a discount of 5 percent to the prevailing market price.

The above arrangement is not formalised in writing. Pending its formalization, the Company has not reflected the agreement in the accounts.

(g) Convertible note

In 2015, the Company entered into a Convertible Note (as varied) for the amount of A\$1.65 million with Tasman Funds Management Pty Ltd, a company associated with Mr Eric Zhang, a director of the Company. The key terms of the convertible note are –

- (i) Interest accrues at the rate of 12% per annum;
- (ii) The note is unsecured;
- (iii) The note may be converted into shares in the Company at Tasman's election, at a deemed issue price of A\$0.009 (155,555,556 shares)
- (iv) The note matured on 30 June 2016, however Tasman is party to a standstill agreement with ASOF pursuant to which it agreed not to demand repayment of the note during the term of the Convertible Security Funding Agreement (refer Note 18(b)).

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Note 19: Issued Capital

		2017 USD'000	2016 USD'000
Issued and paid up shares		<u>62,134</u>	<u>57,829</u>
(a) Movement			
2017		Number of Shares '000	USD'000
1 Jul 2016	Opening Balance	1,736,626	57,829
7 Jul 2016	Conversion of loan	72,727	601
9 Sep 2016	Share placement	72,317	814
19 Oct 2016	Share placement	1,500	12
18 Jan 2017	Collateral shares	25,000	-
23 Feb 2017	Share placement	33,333	385
31 Mar 2017	Exercise of options	5,000	61
7 Apr 2017	Conversion of loan	5,263	75
12 Apr 2017	Exercise of options	4,000	33
20 Apr 2017	Issue under Share Purchase Plan	35,714	564
31 May 2017	Conversion of loan	23,684	335
29 Jun 2017	Share placement	63,499	1,217
29 Jun 2017	Executive sign-on shares	2,500	48
29 Jun 2017	Issue of shares in lieu of salaries	2,000	31
30 Jun 2017	Conversion of loan	13,158	192
	Less: Share issue expenses		(63)
30 Jun 2017	Closing Balance	2,096,321	62,134
2016		Number of Shares '000	USD'000
1 Jul 2015	Opening Balance	639,953	51,498
14 Aug 2015	Share placement	79,520	47
19 Aug 2015	Share placement	144,444	956
17 Sep 2015	Share placement	450,000	2,900
2 Nov 2015	Share placement	50,000	321
18 Nov 2015	Share placement	155,556	994
23 Feb 2016	Share placement	121,053	827
2 Mar 2016	Share placement	27,600	197
30 Mar 2016	Share placement	46,500	355
20 May 2016	Share placement	22,000	166
	Less: Share issue expenses		(432)
30 Jun 2016	Closing Balance	1,736,626	57,829

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Ordinary Shares

At a general meeting, on a show of hands, each shareholder present and entitled to vote has one vote. On a poll, each shareholder present and entitled to vote:

- (i) has one vote for each fully paid share held; and
- (ii) has for each share which is not fully paid a fraction of a vote equivalent to the proportion which the amount paid up, but not credited as paid up, on that share bears to the total of the amounts paid and payable (excluding amounts credited) on that share.

Fully paid ordinary shares carry a right to dividends and upon the winding up of the Company.

Capital risk management

Management actively controls the capital of the Consolidated Entity. The Consolidated Entity has been seeking to raise more funds to meet operation needs and funding for further exploration activities.

Note 20: Options

	2017 '000	2016 '000
Number of options on issue		
Opening balance	66,273	20,782
Add: Options issued during the year	118,611	66,273
Less: Options exercised	(9,000)	(6,000)
Options lapsed	-	(14,782)
Closing balance	<u>175,884</u>	<u>66,273</u>

Grant date	2017 Number '000	2016 Number '000	Expiry date	Exercise price
04 Jan 2016	10,000	10,000	03 Jan 2019	A\$0.015
22 Mar 2016	18,000	20,000	22 Mar 2019	A\$0.015
02 Nov 2015	-	3,000	02 Nov 2017	A\$0.017
02 Nov 2015	23,273	27,273	02 Nov 2017	A\$0.011
04 Mar 2015	6,000	6,000	28 Feb 2018	A\$0.031
19 Oct 2016	12,500	-	12 Oct 2019	A\$0.015
19 Oct 2016	35,000	-	12 Oct 2019	A\$0.020
19 Oct 2016	40,000	-	12 Oct 2019	A\$0.040
18 Jan 2017	10,000	-	18 Jan 2020	A\$0.025
18 Jan 2017	10,000	-	18 Jan 2020	A\$0.030
22 Feb 2017	2,222	-	15 Aug 2017	A\$0.030
22 Feb 2017	6,144	-	21 Aug 2017	A\$0.030
22 Feb 2017	2,744	-	01 Sep 2017	A\$0.030
	<u>175,884</u>	<u>66,273</u>		

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Fair value of options granted

The fair value of options granted during the year were estimated using the Black Scholes option pricing model, adjusted for the effects of non-transferability, with the following assumptions –

Grant date	Number '000	Expiry date	Exercise price	Share price at grant date	Risk free rate	Volatility
19 Oct 2016	12,500	12 Oct 2019	A\$0.015	A\$0.015	1.50%	131%
19 Oct 2016	35,000	12 Oct 2019	A\$0.020	A\$0.015	1.50%	131%
19 Oct 2016	40,000	12 Oct 2019	A\$0.040	A\$0.015	1.50%	131%
18 Jan 2017	10,000	18 Jan 2020	A\$0.025	A\$0.016	1.50%	131%
18 Jan 2017	10,000	18 Jan 2020	A\$0.030	A\$0.016	1.50%	131%
22 Feb 2017	2,222	15 Aug 2019	A\$0.030	A\$0.017	1.50%	131%
22 Feb 2017	6,144	21 Aug 2019	A\$0.030	A\$0.017	1.50%	131%
22 Feb 2017	2,745	01 Sep 2019	A\$0.030	A\$0.017	1.50%	131%

Note 21: Capital and Leasing Commitments

Exploration

In order to maintain current rights of tenure to its exploration permits, the Consolidated Entity has certain obligations to perform work in accordance with the work programmes, as approved by the relevant statutory body, when the permits are granted. These work programmes form the exploration commitment which may be renegotiated, varied between permits, or reduced due to farm-out, sale, reduction of exploration area and/or relinquishment of non-prospective permits.

	2017	2016
	USD'000	USD'000
Leases		
Payable		
- Less than 1 year	21	19
- Later than 1 year but not later than 5 years	-	19
- Later than 5 years	-	-
Total	21	38

Note 22: Contingent Asset and Liability

Contingent Asset

On 1 September 2016, the Hong Kong International Arbitration Centre awarded the Company damages in an arbitration case against Shandong Qixing Iron Tower Co., Ltd (now known as Northcom Group Limited) arising from the latter's termination of a Share Sale Agreement. The Company expects to recover USD8,400,000 (30 June 2016: USD nil) (net of all costs) upon finalization of enforcement proceedings through a court in China.

Contingent Liability

There is a current dispute with the Association of Mineworkers and Construction Union (AMCU) relating to an allegation of unfair dismissal, which is currently pending before the Labour Court of South Africa.

The employees are claiming 12 months' salary as compensation for their alleged unfair dismissal. Should the worst case scenario take place and each employee is awarded 12 months compensation, the total amount is estimated at USD 1,129,000 (2016: USD 1,789,000).

Note 23: Operating Segments

Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Consolidated Entity's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused the individual mining locations in which the Consolidated Entity has an interest. The identified segments are TGME, Bosveld and Sabie. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Consolidated Entity's accounting policies.

Segment performance

	2017 TGME USD'0 00	2017 Sabie USD'000	2017 Total USD'000	2016 Total USD'000
Continuing operations	-	-	-	-
Gold and mining revenue	-	-	-	-
Less: Cost of sales	-	-	-	-
Segment gross loss	-	-	-	-
Unallocated items:				
Interest income			65	46
Other income			132	121
Gain on sale of subsidiary			405	-
Gain on revaluation of financial liabilities at fair value through profit and loss			-	17
Fair value adjustment on rehabilitation trust fund			-	64
			602	248
Discontinuing operations				
Interest income			-	8
Other income			-	27
<i>Reconciliation of segment result to group net loss before tax</i>				
Unallocated items:				
Operating expenses			(4,382)	(3,744)
Other expenses			(563)	(437)
Finance costs			(955)	(910)
Provision for doubtful debts			(408)	-
Loss on revaluation of financial liabilities at fair value through profit and loss			-	(183)
			(5,706)	(4,991)
Discontinuing operations				
Operating expenses			-	(251)
Finance costs			-	(8)
Net loss before tax from continuing operations			(5,706)	(5,250)

Segment assets

2017	TGME USD'000	Sabie USD'000	Total USD'000
Balance at 1 July 2016	8,138	917	9,055
Segment assets increases (decreases) for the period	256	111	367
Balance at 30 June 2017	8,394	1,028	9,422
Unallocated items:			
Other			4,644
Consolidated segment assets			14,066

2016	TGME USD'000	Bosveld USD'000	Sabie USD'000	Total USD'000
Balance at 1 July 2015	12,817	131	1,155	14,103
Segment assets increases (decreases) for the period	(4,679)	-	(238)	(4,917)
Transfer to discontinued operations	-	(132)	-	(132)
Balance at 30 June 2016	8,138	-	917	9,055
Unallocated items:				
Other				2,205
Discontinued operations from Bosveld				132
Consolidated segment assets				11,392

Segment liabilities

2017	TGME USD'000	Sabie USD'000	Total USD'000
Balance at 1 July 2016	(2,818)	(358)	(3,176)
Segment liabilities increases (decreases) for the period	171	(56)	115
Balance at 30 June 2017	(2,647)	(414)	(3,061)
Unallocated items			
Other			(9,017)
Consolidated segment liabilities			(12,078)

2016	TGME USD'000	Bosveld USD'000	Sabie USD'000	Total USD'000
Balance at 1 July 2015	(4,410)	(1,243)	(462)	(6,115)
Segment liabilities increases (decreases) for the period	1,592	374	105	2,070
Transfer to discontinued operations from Bosveld	-	869	-	869
Balance at 30 June 2016	(2,818)	-	(357)	(3,176)
Unallocated items:				
Other				(7,751)
Discontinued operations				(869)
Consolidated segment liabilities				(11,796)

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Note 24: Cash Flow Information

	2017 USD'000	2016 USD'000
a. Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax		
Loss from ordinary activities after income tax	(5,706)	(5,250)
Non-cash items in loss from ordinary activities		
Impairment and depreciation	122	570
Unrealised exchange loss / (gain)	1,485	-
Finance costs	147	910
Interest received	(65)	(46)
Movement in rehabilitation provision	(24)	168
Non cash employee benefits	569	(50)
Profit on disposal of subsidiary	405	127
Loss on sale of assets	-	165
Payments on rehabilitation trust fund	-	(64)
	(3,067)	(3,470)
Changes in assets and liabilities		
Decrease in inventories	139	39
(Increase) / Decrease in accounts receivable	(99)	(105)
(Decrease) / Increase in GST payable	-	17
Decrease in trade creditors and accruals	(324)	(335)
	(284)	(384)
Cash outflow from operations	(3,351)	(3,854)
b. Non-Cash Financing Activities		
Issue of ordinary shares	-	1,829
Conversion of loan to shares	1,203	-
Issue of shares in satisfaction of salaries	78	-
Proceeds from issue of ordinary shares	1,281	1,829

Note 25: Related Party Transactions

Parent entity

Stonewall Mining Pty Ltd is the accounting parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions.

Director and director-related entities

- (a) In October 2016, Tasman Funds Management Pty Ltd, an entity associated with Mr Eric Zhang, and Smart Vision Investment Group Ltd, an entity associated with Mr Simon Liu, were each issued 5,000,000 unlisted options exercisable at A\$0.015 per share and expiring 12 October 2019, following shareholders' approval on 12 September 2016.

Following the shareholders' approval, Smart Vision Investment Group Ltd was also issued 1,500,000 fully paid ordinary shares in the Company in October 2016 at an issue price of \$0.010 as part of the placement of shortfall shares from a Share Purchase Plan.

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- (b) In March 2017, Tasman Funds Management Pty Ltd, an entity associated with Mr Eric Zhang, was issued 5,000,000 shares in the Company following the exercise of 2,000,000 options at \$0.015 per share and 3,000,000 options at \$0.0165 per share.
- (c) The Company rent office space from an entity associated with Mr Bill Richie Yang, for which the Company paid USD9,112 during the year.

Key management personnel

Transactions with key management personnel are disclosed in Note 5 and the Remuneration Report.

Note 26: Financial Instruments

a. Financial Risk Management Policies

The Consolidated Entity's financial instruments consist mainly of deposits with banks, bank overdrafts, short-term investments, accounts receivable and payable, loans to and from related parties and leases.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

Certain derivatives were used by the Consolidated Entity during the financial year to raise funds for Company operations.

(i) Treasury Risk Management

The Consolidated Entity's overall risk management strategy seeks to assist the Consolidated Entity in meeting its financial targets, whilst minimizing potential adverse effects on financial performance.

(ii) Financial Risk Exposures and Management

The entity does not have material exposures to credit risk, liquidity risk and market risk.

(iii) Capital management

The primary objective of the Consolidated Entity's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business to continue as a going concern and maximise the return to stakeholders through the optimisation of the capital structure.

The Consolidated Entity manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Consolidated Entity may make changes to its dividend policy, purchase its own shares or issue new shares. The capital structure consists of equity comprising of the share capital, reserves and accumulated losses as disclosed on the face of the statement of financial position

(iv) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Consolidated Entity has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

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Interest Rate Sensitivity Analysis

The Consolidated Entity's exposure to change in interest rates relates primarily to interest bearing borrowings. Borrowings issued at a variable rate expose the Consolidated Entity to interest rate risk.

The Consolidated Entity's interest bearing financial liabilities outstanding totaling USD 7,325,605 are principal and interest payment loans. An official increase/decrease in interest rates of 2% would have an adverse/favourable effect of profit before tax of USD 146,512 per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of USD 1,187,861 (2016: USD 5,304,151) are due during the year ending 30 June 2017.

Foreign Currency Risk Sensitivity Analysis

The Consolidated Entity undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

At year end the Consolidated Entity was exposed to currency fluctuations between the presentation currency, being US Dollars (USD) and Australian Dollars (AUD) and South African Rand (ZAR). Exchange rate exposures are managed within approved internal policy parameters.

The carrying amounts of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	2017	2016	2017	2016
	USD'000	USD'000	USD'000	USD'000
South African Rand (US dollar equivalent)	2,124	2,262	356	134
Australia dollars (US dollar equivalent)	8,585	7,212	1,090	83

Based on the financial instruments held at 30 June 2017 the Consolidated Entity's post tax profit (loss) would have been USD 926,285 higher / lower (2016: USD 858,449 higher / lower) with a 10% increase / decrease in the Australian Dollar or South African Rand against the US Dollar.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates in the short term.

The Consolidated Entity's risk exposure to foreign exchange is considered to be immaterial.

Price Risk Sensitivity Analysis

The Consolidated Entity is exposed to commodity price risk arising from gold and other metal sold or held as inventory.

There was no production or trading during the current year and therefore the price risk sensitivity analysis isn't presented.

There were no trading inventory on hand on year end and therefore the increase/decrease in the gold price would not have any significant effect.

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b. Financial Instruments

(i) Financial instrument composition and maturity analysis:

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as the settlement period for all other financial instruments.

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	Longer than 5 years	Non-interest bearing	Total
2017	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financial assets							
Cash and cash equivalents	1.00%	1,055	-	-	-	-	1,055
Trade and other receivables	-	-	-	-	-	395	395
Other financial assets	-	-	-	-	-	320	320
Rehabilitation fund	-	1,356	-	-	-	-	1,356
		2,411	-	-	-	715	3,126
Financial liabilities							
Trade and other payables	11.50%	-	-	-	-	2,974	2,974
Bank overdraft	11.25%	222	-	-	-	-	222
Borrowings	12.50%	129	26	239	15	-	409
Other financial liabilities		-	-	-	-	32	32
Finance leases	9.27%	-	21	-	-	-	21
Loans from related parties	11.50%	-	-	6,028	-	-	6,028
		351	47	6,267	15	3,006	9,686

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	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	Longer than 5 years	Non-interest bearing	Total
2016	%	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Financials assets							
Cash and cash equivalents	1.00%	57	-	-	-	-	57
Trade and other receivables	-	-	-	-	-	164	164
Other financial assets	-	-	-	-	-	9	9
Rehabilitation fund	-	1,176	-	-	-	-	1,176
		1,233	-	-	-	173	1,406
Financial liabilities							
Trade and other payables	-	-	-	-	-	3,200	3,200
Bank overdraft	11.50%	236	-	-	-	-	236
Borrowings	11.25%	-	20	23	224	25	292
Finance leases	12.50%	-	18	19	-	-	37
Loans from related parties	6.59%	-	5,249	-	-	-	5,249
		236	5,287	42	224	3,225	9,014

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(ii) Fair value measurements:

This note provides information about how the Consolidated Entity determines fair values of various financial assets and financial liabilities.

Fair value of the Consolidated Entity's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Consolidated Entity's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/liabilities	Fair value at (USD'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2017	30 June 2016		
Share settlement call option	320	-	Level 2	Discounted cash flow, at a rate that reflects the credit risk of various counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Note 27: Parent Entity Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. Refer to Note 1 for a summary of the significant accounting policies relating to the Consolidated Entity.

Set out below is the supplementary information about the legal parent entity, Stonewall Resources Limited.

Statement of profit or loss and other comprehensive income

	Parent	
	2017	2016
	USD'000	USD'000
Profit / (loss) after income tax	(606)	(8,720)
Other comprehensive income / (loss)	2,776	(2,712)
Total comprehensive income / (loss)	2,170	(11,432)

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Statement of financial position

	Parent	
	2017	2016
	USD'000	USD'000
Assets		
Total current assets	1,410	735
Total non-current assets	29,366	23,393
Total assets	30,776	24,128
Liabilities		
Total current liabilities	1,619	7,159
Total non-current liabilities	7,020	-
Total liabilities	8,639	7,159
Equity		
Issued capital	88,292	80,853
Foreign exchange reserve	-	3,248
Reserves	1,237	310
Accumulated losses	(67,392)	(67,443)
Total equity	22,137	16,969

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments

The parent entity had no capital commitments as at 30 June 2017 and 30 June 2016.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in Note 2.

Stonewall Mining Pty Ltd is the accounting parent for the purposes of preparing the consolidated financial statements.

The consolidated financial statements incorporate the assets, liabilities and results of Stonewall Resources Limited and the following subsidiaries in accordance with the accounting policy described in Note 2:

	Equity holding		
Name of entity	Country of incorporation	2017 %	2016 %
Stonewall Mining (Proprietary) Limited	South Africa	100	100
Transvaal Gold Mines Estates Limited*	South Africa	74	74
Sabie Mines (Proprietary) Limited*	South Africa	74	74
Bosveld Mines (Proprietary) Limited**	South Africa	-	74
Warrinen Pty Ltd	Australia	100	100
Vanaxe Share Block Pty Ltd*	South Africa	74	74

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* Stonewall Mining Pty Ltd entered into a share sale agreement with TGME Empowerment Company Proprietary Limited (TGME SPV) dated 11 June 2012 in terms of which it sold 330,234 shares in TGME (26% of the shares) to the TGME SPV for a nominal amount. Thus one share was issued by TGME to the TGME SPV on 30 October 2012. This is consolidated into TGME as TGME controls the SPV.

Stonewall Mining Pty Ltd entered into a share sale agreement with African Sun Empowerment Company Proprietary Limited (Sabie SPV) dated 11 June 2012 in terms of which it sold 40,299 shares in Sabie (26% of the shares) to the Sabie SPV for a nominal amount. Thus one share was issued by Sabie to the Sabie SPV on 30 October 2012. This is consolidated into Sabie as Sabie controls the SPV.

The TGME SPV and Sabie SPV are not consolidated as the substance of the relationships between the Consolidated Entity and the SPVs are such that the SPVs should not be consolidated by the Consolidated Entity.

Warrinen Pty Ltd is a dormant entity with no operations, assets or liabilities.

** Refer note 4.

Note 28: Equity - non-controlling interest

	Consolidated	
	2017	2016
	USD'000	USD'000
Issued capital	-	-
Accumulated losses	-	(2,831)
	-	(2,831)

The non-controlling interest has a nil (2016: 26%) equity holding in Bosveld Mines (Proprietary) Limited.

Summarised financial information in respect of Bosveld Mines (Proprietary) Limited is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Bosveld	
	2017	2016
	USD'000	USD'000
(Loss) after income tax	-	(114)
Total comprehensive loss	-	(114)

Statement of financial position

Total current assets	-	20
Total non-current assets	-	112
Total assets	-	132
Total current liabilities	-	9,229
Total non-current liabilities	-	619
Total liabilities	-	9,847
Equity	-	(9,716)

No dividends were paid in 2017 (2016: nil).

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Note 29: Income tax expense

	2017 USD'000	2016 USD'000
Accounting loss before income tax expense	5,706	5,250
Prima facie tax benefit / (expense) on loss / (profit) from ordinary activities before income tax at 30% (2016: 30%)	1,711	1,575
Effect of expenses that are not deductible in determining taxable income	177	218
Effect of different tax rates of group entities operating in different jurisdictions	(103)	(96)
Effect of temporary differences and / or tax losses not recognised	(1,785)	(1,697)
Income tax expense recognised in profit or loss	-	-
Unrecognised deferred tax balances		
The following deferred tax balances have not been recognised:		
Tax losses (revenue in nature)	19,571	16,824
Tax losses (capital in nature)	12,563	13,963
	32,134	30,788

Deferred tax assets

No deferred tax assets have been recognised as yet as it is currently not probable that future taxable profits will be available to realize the asset in the foreseeable future. Potential deferred tax assets on carry forward losses are shown above.

Note 30: Events after Reporting Period

Arbitration Award

On 21 July 2017 the Beijing Court ruled that the Arbitral Award (Case No. HKIAC/A15021) against Shandong Qixing Iron Tower Co. Ltd (now known as Northcom Group Limited) will be enforced under the jurisdiction of the Beijing No. 4 Intermediate People's Court.

The Company had claimed damages against Northcom for the termination of the Share Sale Agreement pursuant to which Northcom had agreed to purchase all of the shares in subsidiary, Stonewall Mining (Proprietary) Ltd.

In September 2016, the Arbitral Tribunal appointed under the rules of the Hong Kong International Arbitration Centre (HKIAC) determined against Northcom and awarded the Company damages as follows:

- Northcom to pay the Company USD 12.6 million; plus
- Interest on that amount at 8% pa, compounded quarterly, commencing 1 January 2015 until paid; plus
- Northcom to pay the Company's legal costs of AUD 1.5 million (approximately USD 1,116,320); plus
- Northcom to bear 100% of the Tribunal costs of HKD 1.9 million (approximately USD 245,049); plus
- Northcom to bear 100% of the HKIAC's administration costs of HKD 0.4 million (approximately USD 52,623).

The Company had entered into a funding agreement with a consortium who are entitled to 45% of the award plus reimbursement of the costs they have funded.

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Share Issues

On 22 September 2017, the Company also announced that it will issue a prospectus for a Share Purchase Plan ("SPP") offer to shareholders. The SPP offers eligible shareholders the opportunity to subscribe for up to \$15,000 worth of fully paid ordinary shares in the Company. Eligible shareholders will also be entitled to 1 attaching unlisted option ("SPP Option") for every 2 shares subscribed. Each share offered under the SPP will be issued at a price of \$0.024. The SPP Options are exercisable at \$0.036 per share and expire eighteen (18) months from the date of issue. The Directors reserve the right to place any shortfall shares under the SPP.

Issue of securities to Key Management Personnel

Following a shareholders meeting on 23 June 2017 at which shareholders approved the issue of securities to directors, director-related entities and employees, the following securities were issued subsequent to 30 June 2017 –

To Directors and Director-related entities

- a) 7,437,202 fully paid ordinary shares in satisfaction of director fees;
- b) 19,500,000 performance rights;
- c) 174,500,000 options.

To Employees

- a) 1,500,000 performance rights under the Employee Performance Rights and Option Plan ("Plan");
- b) 20,000,000 options under the Plan.

Note 31: Prior Period Error

During the current year it was discovered that certain employee costs, finance costs, auditors' remuneration, foreign exchange loss and consulting fees, relating to the prior year, were not accounted for or were accounted for incorrectly. It was therefore corrected in the current year against the prior year balances.

The correction of the error results in adjustments as follows:

	USD'000
Statement of Financial Position	
Accrued expenses	(47)
Employee benefits	(21)
Borrowings	(17)
 Profit or Loss	
Employee and contractor expenses	47
Consultants expenses and professional costs	21
Finance cost	17

Independent Auditor's Report to the Members of Stonewall Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stonewall Resources Limited (the "Company") and its subsidiaries (the "Consolidated Entity" or "Group") which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including 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 as set out on pages 41 and 43 to 86.

In our opinion:

- (a) the accompanying financial report of the Group is 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 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(iii) in the financial report, which indicates that for the year ended 30 June 2017, the Group incurred a net loss of USD 5,706,000, had net cash outflows from operating activities of USD 3,351,000, and as at that date was in a net current liability position of USD 2,634,000. These conditions, along with other matters as set forth in Note 1(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Recoverability of development and exploration assets <i>Refer to Notes 1(v) and 2(m) in the financial report</i></p> <p>As at 30 June 2017 the carrying values of development and exploration assets were USD 8,190,000 and USD 1,414,000, respectively (2016: USD 7,247,000 and USD 1,247,000), as disclosed in Note 13 and 14.</p> <p>The impairment assessment of development and exploration expenditure is a key audit matter due to the high level of judgement in determining assumptions and estimates involved in preparing a Fair Value less Costs of Disposal (FVLCD) valuation model including:</p> <ul style="list-style-type: none"> • Estimates of future gold prices • Estimates of mineral resources held in each cash generating unit • Sensitivities of inputs and assumptions used in the cash flow models 	<p>With the support of our valuation specialists, our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's processes in relation to the evaluation of the development and exploration costs for each cash generating unit for indicators of impairment; • Challenging management's consideration of the facts and circumstances that may suggest development and exploration assets are impaired, including but not limited to: <ul style="list-style-type: none"> ○ Reviewing management's methodology including its FVLCD model used for assessing its cash generating units for impairment; ○ Reviewing the Mineral Resource Reports prepared by an Independent Competent Person (management's expert) and considering the competence and objectivity of this expert, the scope of their work and the methodology used by the expert; ○ Reviewing licenses for the areas of interest to determine whether the license has expired during the period or will expire in the near future with no expectation to be renewed; ○ Challenging management to understand the current status and future intention for each asset; ○ Reviewing management's estimates of future gold prices using published gold valuation curves; and ○ Performing sensitivity analysis on the key inputs and assumptions used in the FVLCD model <p>We have also assessed the appropriateness of the disclosures in Notes 1(v) and 2(m) in the financial report.</p>

<p>Convertible securities <i>Refer to Notes 1(v) and 2(i) in the financial report</i></p> <p>As disclosed in Notes 11 and 18, as at 30 June 2017 the carrying value of convertible securities including related derivatives were:</p> <ul style="list-style-type: none"> • Convertible security: USD 925,000 (2016: nil); • Derivative asset – share settlement call option: USD 320,000 (2016: nil); • Derivative liability – put option: USD 32,000 (2016: nil); <p>The accounting for and the valuation of the convertible securities is complex due to significant judgement involved in:</p> <ul style="list-style-type: none"> • Determining the appropriate accounting treatment; and • Determining the fair value of each element of the convertible securities including embedded derivatives. 	<p>With the support of our treasury specialists, our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management’s accounting treatment of the convertible securities; • Inspecting management’s valuations for the convertible securities, assessing the methodology used for the valuations and testing the mathematical accuracy of the valuations; and • Challenging the reasonableness of the assumptions used in the valuation by agreeing key inputs such as maturity, repayment and conversion terms and pricing to the agreement, as well as assessing volatility used in the valuation by reference to historical share price information. <p>We have also assessed the appropriateness of the disclosures in Notes 1(v) and 2(i) in the financial report.</p>
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2017, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 of the financial report, the directors state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion 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 2017.

In our opinion, the Remuneration Report of Stonewall Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountant
Melbourne, 1 October 2017

Stonewall Resources Limited
Shareholders Information
as at 27 September 2017

1. Issued securities

	Ordinary shares	Options	Performance rights
Number on issue	2,103,758,993	375,383,848	21,000,000

	Amount	Conversion price	Number of shares (assuming full conversion)
Convertible note*	A\$1,650,000	A\$0.009	183,333,333
Convertible note*	A\$1,370,000	A\$0.019	72,105,263

*subject to the terms and conditions of the convertible instrument

2. Distribution of Shareholders

Holdings Ranges	Holders	Total Units	%
1 - 1,000	15	2,878	
1,001 - 5,000	11	37,818	
5,001 - 10,000	78	767,889	
10,001 - 100,000	144	7,014,609	
100,001 +	196	2,095,935,799	
Totals	444	2,103,758,993	

3. Substantial Shareholders

The substantial shareholders in the Company based on substantial holding notices received by the Company are -

Name	Date of notice	Number of shares	%
Tasman Funds Management Pty Ltd	06 Jul 2017	327,309,942	15.61
High Gift Investment Ltd	04 Jul 2017	230,151,781	10.98
Strong Wealth Development Limited	15 Jun 2017	194,086,788	9.26
Best Wealth Winner Limited	21 Sep 2016	155,555,556	8.27

4. Non-Marketable Parcels

A non-marketable parcel is a shareholding with a market value of less than \$500. There were 119 shareholders with non-marketable parcels.

5. On-Market Buy-back

There is no current on-market buy-back.

6. Voluntary Escrow

Class	Number of shares	Expiry date
Ordinary shares	5,000,000	13 February 2019

Stonewall Resources Limited

7. Top 20 shareholders

Holder Name	Number Of Ordinary Shares Held	Percentage Of Total Issued Shares
Citicorp Nominees Pty Limited	269,336,827	12.80%
High Gift Investments Ltd	230,151,781	10.94%
Best Wealth Winner Limited	195,555,556	9.30%
Tasman Funds Management Pty Ltd	170,888,889	8.12%
Khan International Limited	155,693,387	7.40%
Goldenrock International (Hong Kong) Limited	80,923,680	3.85%
Smart Vision Investment Group Ltd	74,833,333	3.56%
Tasman Funds Management Pty Ltd <Tasman Investment Fund A/C>	68,421,053	3.25%
Monex Boom Securities (HK) Ltd <Clients Account>	63,226,169	3.01%
Golden Asian Investments Group Ltd	60,623,334	2.88%
Tasman Funds Management Pty Ltd <Tasman Investment Fund A/C>	60,000,000	2.85%
Murray SA Investment Pty Ltd <Murray SA Investment A/C>	52,963,727	2.52%
Blond Mile International Ltd	50,000,000	2.38%
Blonde Mile International Limited	50,000,000	2.38%
Hanhong New Energy Hldgs Ltd	45,271,042	2.15%
BNP Paribas Noms Pty Ltd <UOB KH P/L AC UOB KH Drp>	41,000,000	1.95%
Mr Lloyd D Birrell	37,855,712	1.80%
Salamanca Ventures Limited	36,152,231	1.72%
Tasman Funds Management Pty Ltd <Tasman Investment Fund A/C>	28,000,000	1.33%
Trevor Fourie <Quatreforte Investment A/C>	24,509,166	1.17%
	1,795,405,887	85.36%