STONEWALL
RESOURCES

ACN 131 758 177

2018
Annual Report

Content

Corporate Directory

DIRECTORS

Bill Guy	Non-Executive Chairman
Robert Thomson	Managing Director
Richie Yang	Non-Executive Director
Simon Liu	Non-Executive Director
Brett Tang	Non-Executive Director

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Chairman's Letter

Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to present the 2018 Annual Report for Stonewall Resources Limited (ASX: SWJ).

The last twelve months has seen a re-positioning of the company from a potential underground gold producer, to the recent focus on lower capital and potentially low cost open-cut mining. This approach has been successful in Western Australia for many years - open cutting the old historical mines and mining the shallow oxide ore.

As Chairman I will look to the culture of the company to better align it with our new approach and stated goals. This is the first year Stonewall has completed a large systematic drill program. A strategic exploration focus will propel our gold resources up the value chain from inferred resources towards reserves and ultimately gold ounces produced. This approach is designed to provide an uplift in shareholder value as the market typically values reserve ounces at >US$100/oz (or much higher).

A lot of effort has gone into further developing the geological understanding of the region and combined with exploration and resource drilling over the last twelve month, we have seen our Group resources grow to 5.75Moz, an increase of 2.0Moz on last year. Now as we approach the new year, the company has the opportunity to attract funding to convert parts of this large resource into reserves.

We believe the new strategy is likely to deliver the best return for shareholders over the medium term, as the timeline to commencement of open-cut mining is considered shorter and capital needs lower than if we had first pursued the development of underground mining at Rietfontein. In the new year when the mine is fully dewatered, the Board can make informed decision about how best to convert the large mineral resource at Rietfontein to reserves.

Having personally spent a lot of time on the ground since my appointment to the Board in March 2018, I have seen first-hand the underexplored nature of the large tenement position and I remain confident of both further discovery and the ability of the company to successfully recommence gold mining starting with Theta Hill. I see Theta Hill as the first open cut project, with over 1.2 M oz of open cut in the JORC table today in total. Drill testing the other historical mine site for shallow oxide gold mineralisation will be part of the new year's exploration efforts. This exploration will demonstrate a clear project pipe to the market.

We appreciate the continued support from our shareholders over the last twelve months and we welcome new shareholders to the share register.

Our near-term priority remains to demonstrate profitable gold production based firstly on the completion of the feasibility into Theta Hill, commencement of drilling at our other high grade gold projects to convert resources into reserves, and ongoing assessment of the multitude of high-grade historical mines that we have in our Company, spread across the 76km strike length and 620km^2 of tenements. Despite the 130 years of historical mining, most mines remain barely touched by modern exploration, drilling, geophysics, or even a modern regional magnetic survey.

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.

C.W. Guy

Charles William (Bill) Guy
Chairman

Managing Director's Report

Over the last year, we have achieved a lot at Stonewall with the rapid progression of the TGME Gold Project. We have increased our high grade JORC compliant resource by over 56% or 2Moz at a very low cost (US$15/oz), to 5.75Moz, representing one of the lowest discovery costs on the ASX, and ahead of most of our African focused peers. We have successfully positioned the company from previous reliance on being a potential underground gold producer to now also being a likely open-cut gold producer within twelve months of delineating our initial exploration target with expected first mining from the open cut areas of Theta Hill.

Despite the challenging drilling conditions and less than ideal market conditions for gold explorers and developers, we are well placed to recommence gold production at the existing CIL facility as the earliest opportunity, and continue to uncover further high grade potential open-cut targets within the extensive, 620km2 portfolio.

When we first looked at the preliminary data for Theta Hill in 2017, we recognised the transformative potential of the opportunity to reposition Stonewall as a low cost gold producer, with a low-capital, lower risk approach that was more befitting to the market conditions and expectations of shareholders. The first results of this work were announced to the ASX on 6 September, 2017. Soon, we hope to declare maiden reserves at Theta Hill, which we will use to underpin financing and commencement of mine development in 2019.

We continue to progress Rietfontein, with plans to drill out reserves from the underground workings, and ultimately increase the resource and reserve base of the company towards our target gold production of >100kozpa for >10 years, which the market expects an emerging mid-tier gold producer to be able to delineate.

With further shallow open cut orientated drilling planned across Theta Hill, Columbia Hill, Vaalhoek and surrounding exploration targets, we expect the next twelve months should see both further growth in resources and more importantly, commencement of mine development and closer towards our goal of self-sustaining funding and investment to expansion of gold production in the district.

We also have a longer-term strategy, assuming ongoing drilling success, to increase our open cut resources/reserves to extend open cut mine life to >10yrs and create a long-life gold production company able to underpin both long-term open cut and underground operations and restore this giant historical gold-field to its glory days..

I take this opportunity to thank shareholders for their patience and support during this transformation period. With my Chairman and fellow directors, we remain committed to restoring value in Stonewall and are looking forward to the many positive developments we have planned for 2019.

We are appreciative of the hard work from staff and consultants and thank them for their contribution to our success.

I reassure all stakeholders we remain committed to a resumption of profitable gold production at Pilgrim's Rest and to restoring value in Stonewall over the year ahead and hope you will continue to support us on this journey.

Robert Thomson

Managing Director

Review of Operations

Overview

Stonewall Resources ("Stonewall" or the "Company") is an ASX-listed gold exploration and development company, with a vision of being a low-cost South African gold producer in the near term. The company has a large tenement package ($620km^2$) in the Mpumalanga area approximately 370km east of Johannesburg by road.

The principal activity of the company during the 2018 financial year was resource drilling and preliminary mine planning work on the TGME project, primarily focused on the new high grade discovery at Theta Hill. In addition, dewatering at Rietfontein, along with preliminary engineering design of the CIL plant ahead of planned refurbishment was undertaken.

Company Highlights

- JORC Resource increased 54.5% or 2.0Moz from 3.72Moz to 5.75Moz
- High grade Theta Hill open-cut mine rapidly taking shape
- Plans to recommence gold production well advanced
- Refurbishment of CIL plant and construction of Theta Hill Mine planned to commence in 2019

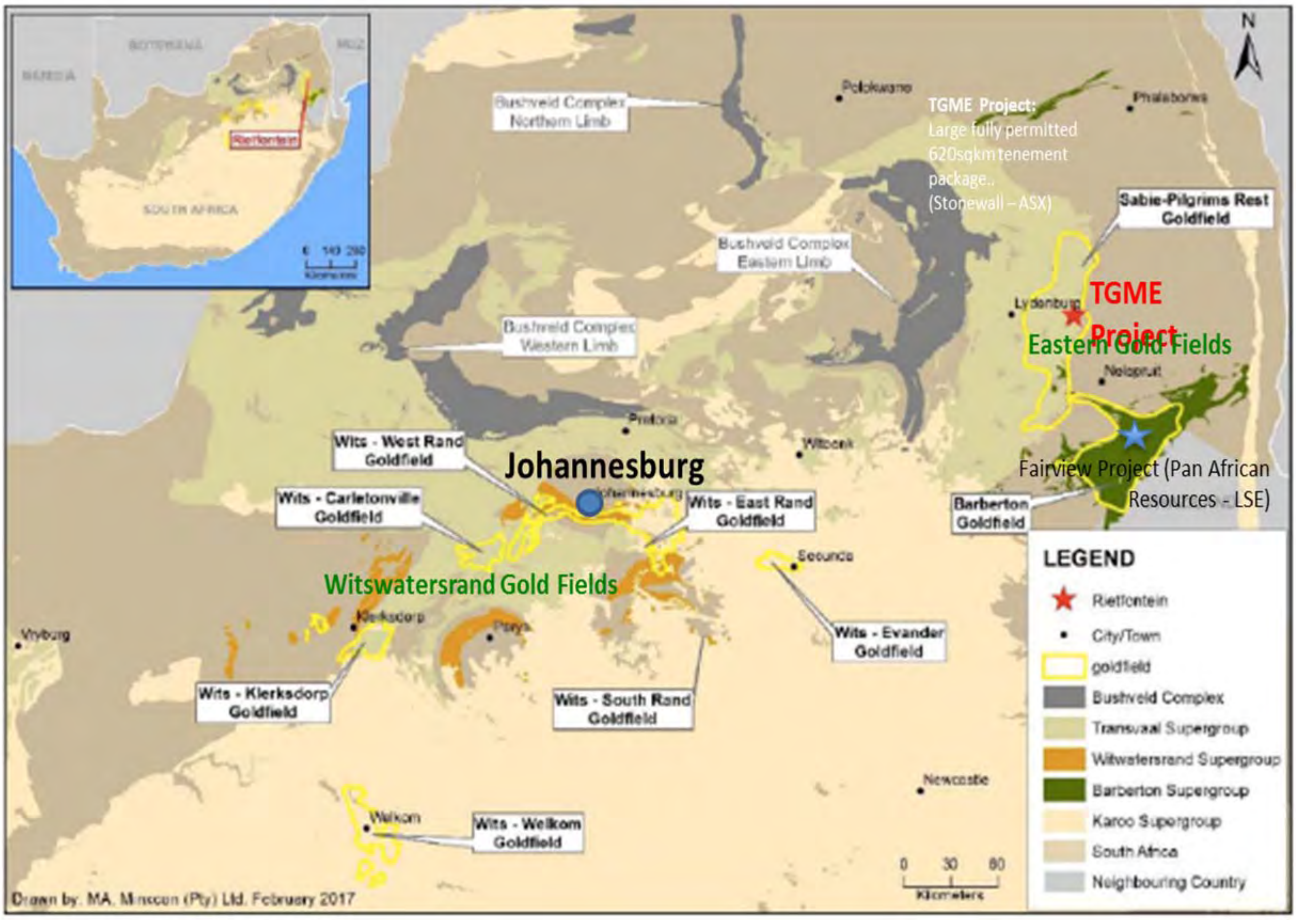


Figure 1) Regional location of TGME project

TGME Project

The TGME project ('Project') is located next to the historical gold mining town of Pilgrim's Rest, in Mpumalanga Province, South Africa.

The company's tenements at Pilgrim's Rest and Sabie cover an area of approximately 62,000Ha or 620km^2, approximately 75km in length by 25km wide. In total over 43 historical mines with production of over 6.7Moz is recorded in the district.

The TGME project contains total Measured, Indicated and Inferred (JORC 2012) resources of 39.1Mt @ 4.57g/t Au for 5.75Moz.

As recently announced to the ASX, the Theta Hill Project contains a Measured and Indicated Mineral Resource of 0.77Mt @ 3.51g/t Au (87koz) and Inferred Mineral Resource of 3.71Mt @ 4.27g/t Au (513koz)[1].

The results of Scoping Study into Theta Hill open-cut development will be released shortly, targeting a low-capital and low operating cost project capable of providing a foundation of cashflow to accelerate exploration and development of the large resource base.

In late 2017 the strategy shifted from the aim of developing underground resources to open-cut resources, primarily driven by feedback from investors that the likely lower risk profile, compared to the higher cost of both exploration and development (and longer lead time) would be viewed more favourably.

It remains the intention of the Company to pursue the underground development at Rietfontein, however this is likely to be funded out of cashflow from Theta Hill, hence building a production profile that should not require substantial external funding and additional dilution for shareholders.

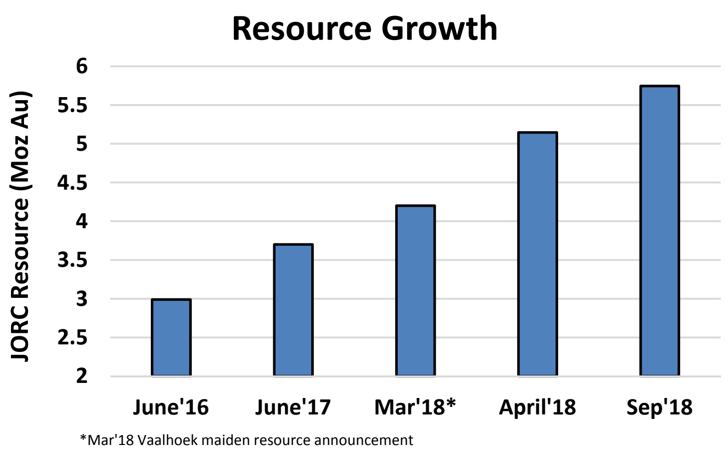


Figure 2) Recent growth in JORC (2012) Resources

Figure 3) Location of Theta Hill in relation to the TGME CIL plant

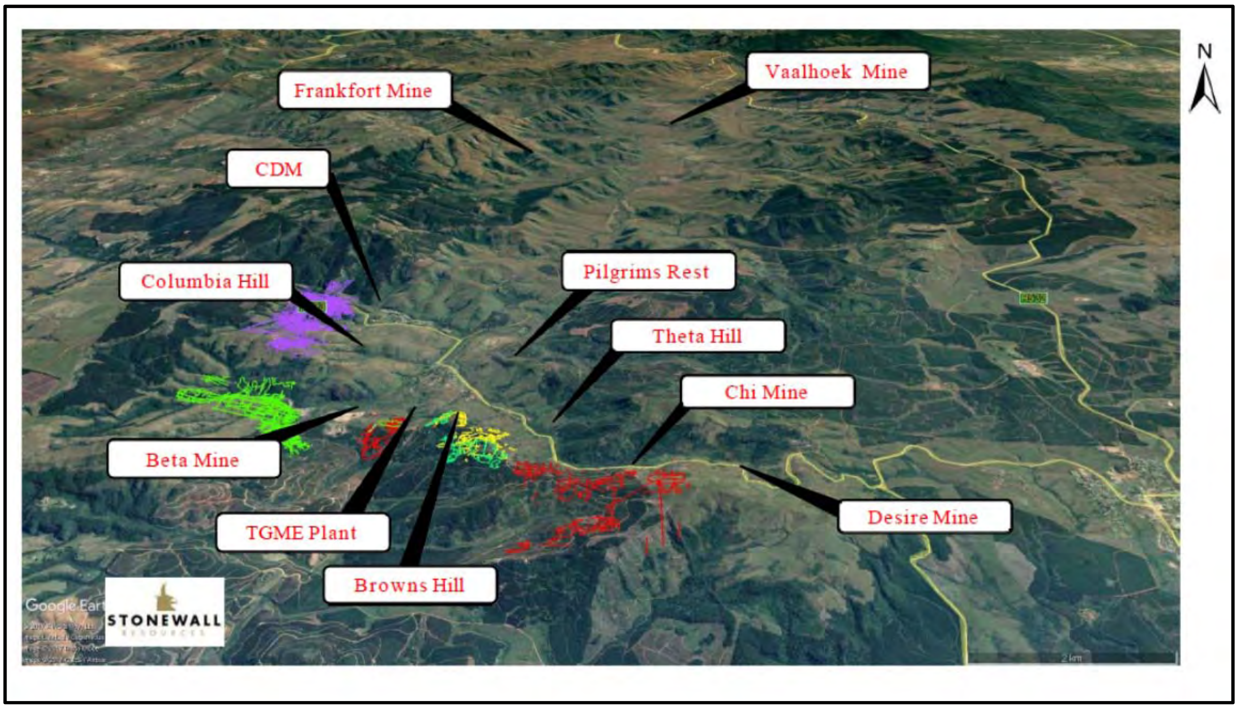


Figure 4) Aerial view of historical mines (with workings shown)

Figure 5) Aerial view of TGME processing plant and tailings dam

Theta Hill Scoping Study

A Scoping Study into Theta Hill is due for release in coming weeks. This follows completion of over 7,500m of RC and diamond drilling on the property and preliminary mine planning work, including detailed scheduling and cost studies.

In summary the Mineral Resource work and Scoping Study were designed to highlight the following:

- The project may be amenable to low cost mining using continuous miners (surface miners) with minimal blasting required
- The mining method of back-haul, with in-pit waste emplacement offers the opportunity for reduced operating costs
- Capital and operating cost estimates
- Potential to increase the confidence of the Mineral Resource through further drilling, in particular Theta Hill South area

Figures 6) Drilling underway at Theta Hill

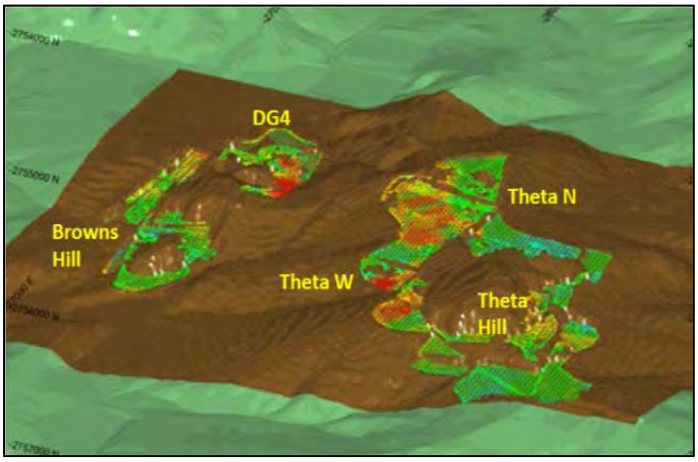


Figure 7) Preliminary resource modelling at Theta Hill (source: Minxcon)

Figures 8) DG4 area of Theta Hill showing location of recent trenching

Theta Hill Feasibility Study Planned

Following completion of the Scoping Study into Theta Hill, the Company plans to commence a feasibility study with the aim of improving the level of confidence in the mining inventory, associated costs and de-risking the technical aspects of the project ahead of a planned development decision in 2019.

Work planned as part of the feasibility study includes:

- Drilling – to increase the amount of resources in the 'Indicated category' according to JORC 2012 in particular Theta Hill South area
- Testing of potential extensions to the mineralisation beyond the current geological constraints of the resources
- Refining of mine design and detailed environmental planning leading towards the decision to mine
- Additional metallurgical testwork
- Processing plant upgrade: work on configuration of the best process plant design for the upgrade including infrastructure required, processing route, waste and tailings placement

Vaalhoek

An upgraded Mineral Resource of 0.62Mt @ 16.9g/t Au (82% inferred) was announced at Vaalhoek in March 2018.

This was a 215% increase on the previous Mineral Resource, and generated from modelling work undertaken by the Company's consultants, Minxcon.

This was part of an overall review known as 'Project Bentley' which uncovered a large amount of historical information, which was then digitised and collated ahead of declaration of revised resources in March.

Vaalhoek was previously an underground mine, however it appears considerable resources were left closer to the surface, which with modern techniques and gold prices, may be amenable to open cut mining (subject to definition of reserves under JORC).

Forward plans including drilling to obtain Indicated resources, further metallurgical testwork, and feasibility studies with the aim of ultimately adding to the reserve base of high grade, open-cut mining opportunities within the large 620km^2 lease area.

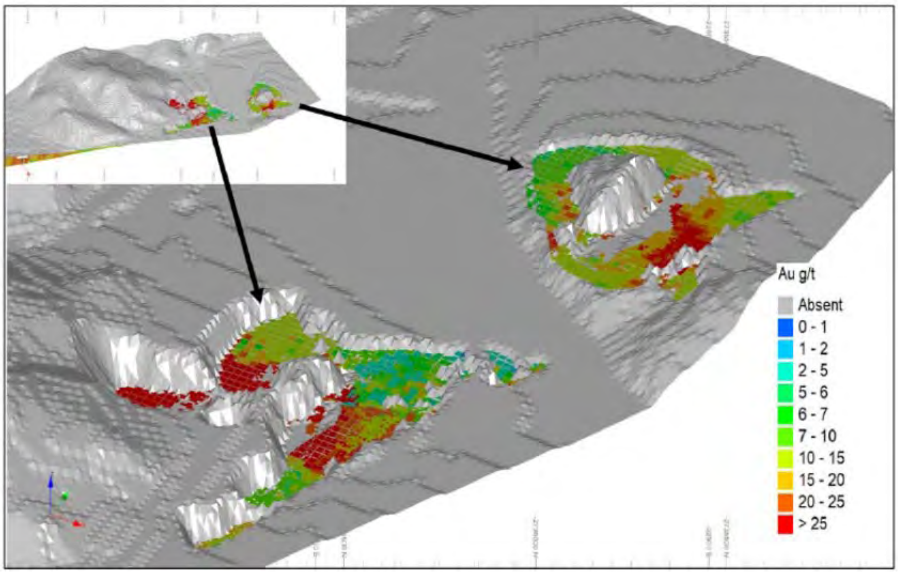


Figure 9) Modelled pit shells contained 335koz @ 16.9g/t Au (Source: Minxcon)

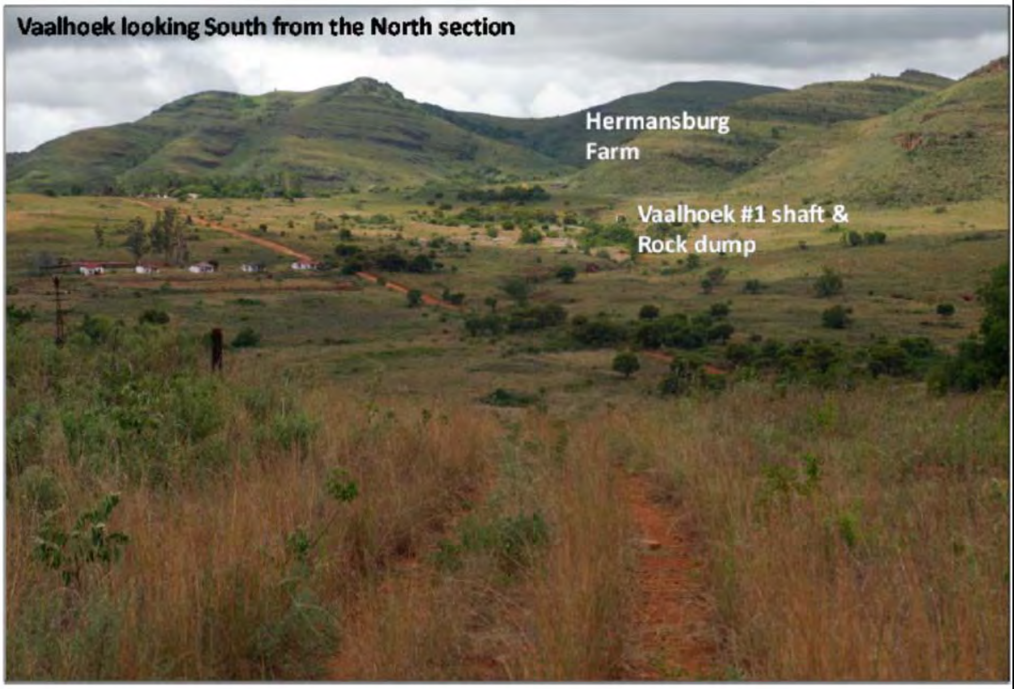


Figure 10) Photo of Vaalhoek Project

Rietfontein

Following the Board decision to focus on lower cost and less risky open-cut development scenarios in 2H 2017, planned drilling of Rietfontein from surface was put on hold, considering the narrow target and depth of drilling required.

A revised JORC resource of 2.88Mt @ 8.42g/t Au for 780Koz (31% Indicated) was declared in May.

The focus over the last year has been on accessing the underground workings, and dewatering, ahead of development of underground drilling platforms, which will be utilised for cheaper underground drilling to obtain Indicated (and Measured) resources ahead of declaration of reserves and publication of a definitive mine plan.

The Board remains committed to the development of high grade open-cut and underground Mineral Resources, and Rietfontein remains a priority project with potential to grow the resource and define additional exploration targets (including open-cut) which can add to the medium term production profile target of >100kozpa.

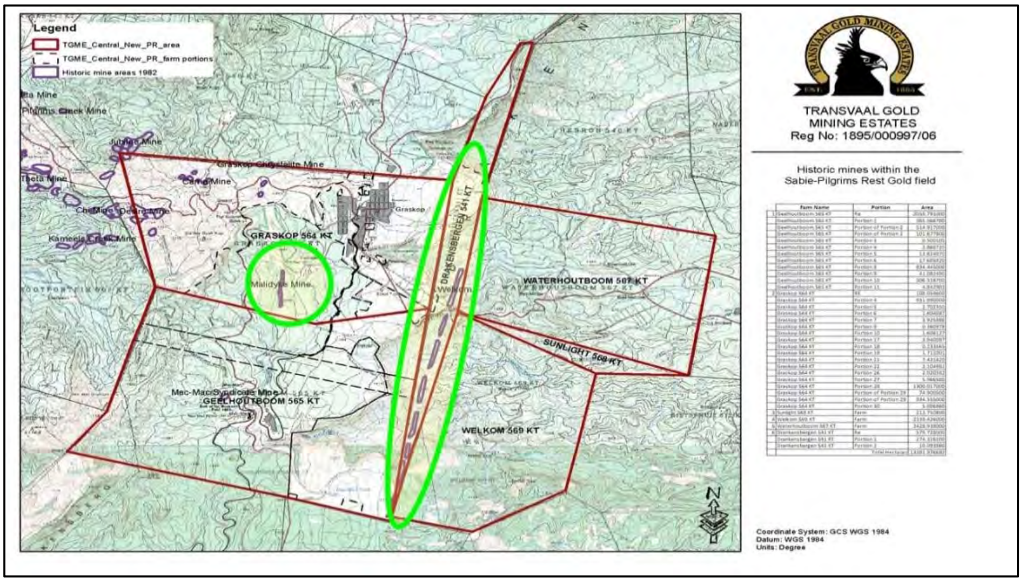


Figure 11) Historical plan of Rietfontein and surrounding mines

Figure 12) Dewatering operations at Rietfontein

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. In December 2017, the company concluded the public consultation and study phase of the conversion process and submitted the final document to the department for review and approval. The department of Mineral Resources ("DMR") visited site in May 2018 to discuss the final document and raised some minor concerns on the formatting of the document including showing information in different locations within the document.

The finalisation of the conversion process has stalled due to problems within the DMR and the company has met with the Director General who has assured the company that we will be allocated a liaison person to assist with finalising the conversion process.

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.

Community Relations

The Consolidated Entity is committed to community upliftment 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.

4. **School Feeding Scheme:** The company has taken up financial support for a feeding scheme in Sabie. A local church initiated the scheme where local junior school children were given sandwiches in the morning before school commences. Given the poverty in the area, it is likely that this may be the only meal or at least one of two that the children will receive for the day. Local Sabie businesses were providing financial support for the food however they withdrew earlier this year. The company has since picked up this financial support and has enlarged the programme to include fruits and dairy in the diet.

Fig 13) School and wood for fuel project

Fig 14) Feeding Scheme

During the financial year the company also embarked on a project to do repairs at the local primary school. The school has not received any support from the government to maintain the facilities at the school and they had fallen into a state of disrepair. The company completed various repairs including toilets, broken windows and ceilings, electrical repairs and a large scale painting and general clean up, to name a few items.

The principal of the school was grateful for the work that the company did as well as for the ongoing support for the teachers and administration staff.

Fig 15) School Repairs

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 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.

Competent Person Statement

Mineral Resources

The information in this report relating to Mineral Resources is based on, and fairly reflects, the information and supporting documentation 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.

Mr Engelmann has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Engelmann consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Results

The Consolidated Entity made a loss after tax of $4,129,000. Contributing to the loss was exploration expenses of $1,147,000 as well as corporate and administration costs carried by the Consolidated Entity in support of its exploration and pre-development activities. The Consolidated Entity also incurred $769,000 in finance costs.

Funding

At this stage of the Consolidated Entity's development, it relies largely on the equity markets for funding to support its business activities, debt repayment and working capital.

During the year, the company raised a total of $5,235,000 from share placements and a share purchase plan ("SPP") offer to shareholders pursuant to a SPP Prospectus. A part of the shortfall under the SPP Prospectus was placed to other investors.

In May 2018, the Company entered into a Subscription Agreement pursuant to which an investor agreed to subscribe for A$5,000,000 worth of shares in the Company. The total subscription received from the investor during and since the end of the financial year amounted to A$3,500,000. The remaining subscription of A$1,500,000 is expected shortly.

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 to meet its debts and commitments as they fall due.

Debt Repayment

During and since the end of the financial year, the company has retired the following debt which totals $3,620,000 –

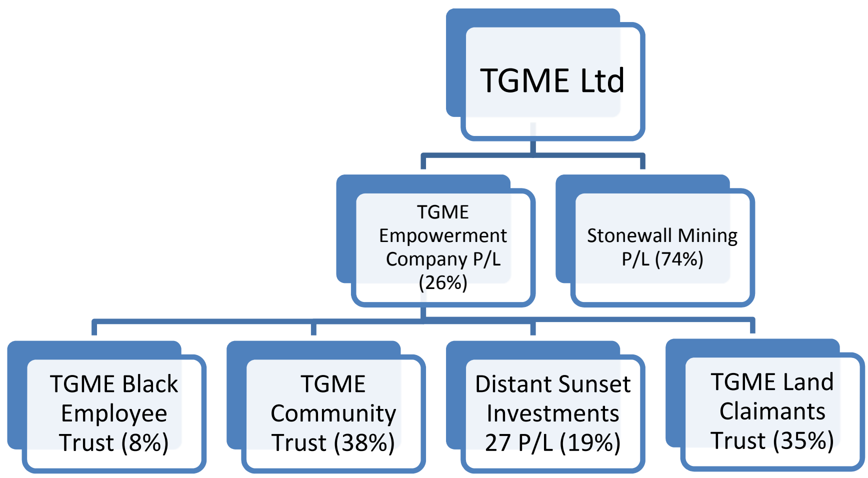
(a) Repaid $1,209,000 million of a convertible security;
(b) Repaid a convertible note and accrued interest (total $1,626,000) in shares following the election to convert by the holder, Tasman Funds Management Pty Ltd;
(c) Repaid accrued legacy director fees (total $785,000) in shares.

Black Economic Empowerment

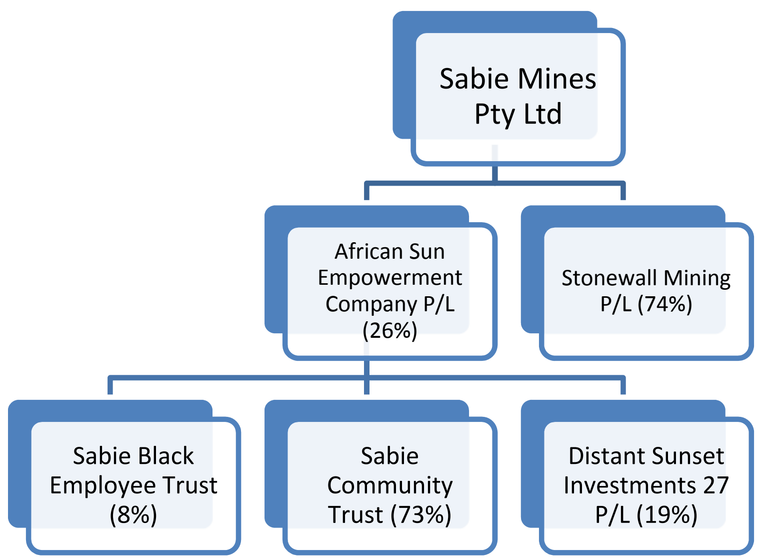
The Consolidated Entity is committed to taking responsibility for the short and long term, economic, social and environmental implications of its mining activities. The Consolidated Entity is committed to community uplift and regional growth through effective partnerships with all local stakeholders 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 each of its 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.

<u>Transvaal Gold Mining Estates Limited</u>



<u>Sabie Mines (Proprietary) Ltd</u>



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 re-engaging with the various BEE stakeholders to ensure that we are prepared for the recommencement of operations.

Fig 16) Employees whom company supported for various degrees and diplomas

Stonewall Resources Limited

Mineral Resource Statement

Maiden Open Pit Mineral Resource for Theta Hill, September 2018.

Resource Classification	Open Pit Mine	Reef	Diluted grade	Diluted Width	Diluted Tonnes	Au Content		% Resource
			g/t	cm	Mt	Kg	K Oz	
Indicated	Theta Hill	Upper Theta	1.13	100	0.185	210	6.7	1%
	Theta Hill	Lower Theta	4.26	100	0.587	2 500	80.4	13%
	Theta Hill	Beta						0%
Total Indicated			**3.51**	**100**	**0.772**	**2 709**	**87.1**	**15%**
Inferred	Theta Hill	Upper Theta	1.85	100	0.776	1 440	46.3	8%
	Theta Hill	Lower Theta	7.17	100	1.632	11 734	377.3	63%
	Theta Hill	Beta	2.13	102	1.302	2 770	89.1	15%
Total Inferred			**4.27**	**101**	**3.710**	**15 944**	**512.6**	**85%**

Note:

1. Resource cut-off of 0.35 g/t
2. Gold price used = USD 1,500/oz
3. Depletions have been applied
4. The Theta Hill Open Pit Mineral Resource falls within 83MR and 341 MR
5. Geological losses of 5% for Indicated and 10% for Inferred were applied

The Combined Mineral Resource for Stonewall as at September 2018

Resource Classification	Type of Operation	Tonnage	Gold Grade	Gold Content	
		Mt	g/t	Kg	koz
Measured	Underground	0.091	5.37	489	15.7
Total Measured		**0.091**	**5.37**	**489**	**15.7**
Indicated	Underground	4.774	6.21	29 661	953.7
	Open Pit	2.722	2.44	6 644	213.6
	Tailings	5.244	0.83	4 373	140.6
Total Indicated		**12.740**	**3.19**	**40 679**	**1 307.8**
Inferred	Underground	21.452	5.22	111 880	3 597.0
	Open pit	4.719	5.40	25 472	818.9
	Tailings	0.023	0.57	13	0.40
	Rock Dump	0.121	1.64	199	6.40
Total Inferred		**26.316**	**5.23**	**137 564**	**4 422.7**
Grand Total		**39.146**	**4.57**	**178 732**	**5 746.3**

Notes:

1. Gold price used = USD 1,500/oz
2. Depletions have been applied
3. Geological losses of 5% for Indicated and 10% for Inferred were applied

Mineral Resources for the Stonewall Underground Operations as at September 2018

Resource Classification	Mine	Reef	Reef Grade	Stope Grade	Reef Width	Stope width	Content	Reef Tonnes	Stope Tonnes	Au Content	
			g/t	g/t	cm	cm	cmgt	Mt	Mt	Kg	koz
Measured	Frankfort	Bevett's	7.13	5.37	73	103	520	0.069	0.091	489	15.7
Total Measured			**7.13**	**5.37**	**73**	**103**	**520**	**0.069**	**0.091**	**489**	**15.7**
Indicated	Frankfort	Bevett's	7.86	5.13	58	96	452	0.243	0.373	1 912	61.5
	CDM	Rho	13.19	3.80	23	90	307	0.258	0.895	3 401	109.4
	Beta	Beta	21.66	6.58	23	90	499	0.716	2.357	15 506	498.5
	Rietfontein	Rietfontein	14.57	8.20	52	92	755	0.517	0.919	7 534	242.2
	Vaalhoek	Vaalhoek	13.90	6.34	36	90	499	0.064	0.140	887	28.5
	Olifantsgeraamte	Olifantsgeraamte	16.97	4.62	25	90	416	0.026	0.091	422	13.6
Total Indicated			**16.26**	**6.21**	**36**	**91**	**591**	**1.824**	**4.774**	**29 661**	**953.7**
Total Measured & Indicated			**15.93**	**6.20**	**38**	**91**	**600**	**1.893**	**4.865**	**30 150**	**969.4**

Resource Classification	UG Mine	Reef	Reef Grade	Stope Grade	Reef Width	Stope width	Content	Reef Tonnes	Stope Tonnes	Au Content	
			g/t	g/t	cm	cm	cmgt	Mt	Mt	Kg	koz
Inferred	Frankfort	Bevett's	7.41	4.27	48	93	356	0.343	0.596	2 543	81.8
	CDM	Rho	10.06	3.02	24	90	244	0.544	1.811	5 472	175.9
	Beta	Beta	16.51	5.43	25	90	414	1.107	3.367	18 285	587.9
	Rietfontein	Rietfontein	14.06	8.52	57	94	803	1.190	1.962	16 721	537.6
	Olifantsgeraamte	Olifantsgeraamte	18.33	4.68	23	90	422	0.059	0.248	1 162	37.3
	Vaalhoek	Vaalhoek	16.28	4.77	22	90	361	0.873	2.980	14 209	456.8
	Vaalhoek	Thelma Leaders	12.18	9.47	96	123	1166	0.023	0.030	284	9.1
	Glynns Lydenburg	Glynns	15.87	5.19	25	90	397	3.218	9.833	51 078	1 642.2
	Ponieskrantz*	Portuguese	13.26	3.99	22	90	287	0.064	0.213	849	27.3
	Frankfort Theta*	Theta	7.22	3.24	34	90	244	0.099	0.220	714	23.0
	Nestor*	Sandstone	5.54	2.92	41	90	225	0.101	0.193	562	18.1
Total InFerred			**14.68**	**5.22**	**31**	**91**	**458**	**7.622**	**21.452**	**111 880**	**3 597.0**

Note: * Indicates historical manual resources

Stonewall Resources Limited

Mineral Resources for the Stonewall Open Pit Operations as at September 2018

Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cmgt	Mt	Kg	koz
Indicated	Hermansburg	Elluvial	1.79	0	0	0.505	905	29.1
	DG1	Elluvial	1.37	0	0	0.159	217	7.0
	DG2	Elluvial	0.76	0	0	1.174	892	28.7
	Theta & Browns Hill*	Upper Theta	1.13	100	113	0.185	210	6.7
	Theta & Browns Hill*	Lower Theta	4.26	100	426	0.587	2500	80.4
	Theta & Browns Hill*	Beta						
	Vaalhoek	Vaalhoek	17.25	33	574	0.111	1 920	61.7
Total Indicated			**2.44**	**30**	**73**	**2.722**	**6 644**	**213.6**

Resource Classification	Open Pit Mine	Reef	Reef Grade	Reef Width	Content	Reef Tonnes	Au Content	
			g/t	cm	cmgt	Mt	Kg	koz
Inferred	Hermansburg	Elluvial	0.88	0	0	0.110	97	3.1
	DG1	Elluvial	2.95	0	0	0.293	864	27.8
	DG5	Elluvial	0.76	0	0	0.101	77	2.5
	Vaalhoek	Vaalhoek	20.32	43	880	0.213	4 319	138.9
	Vaalhoek	Thelma Leaders	14.25	97	1 388	0.293	4 172	134.1
	Theta & Browns Hill*	Upper Theta	1.85	100	185	0.776	1440	46.3
	Theta & Browns Hill*	Lower Theta	7.17	100	717	1.632	11 734	377.3
	Theta & Browns Hill*	Beta	2.13	102	217	1.302	2 770	89.1
Total Inferred			**5.40**	**87**	**470**	**4.719**	**25 472**	**818.9**

Mineral Resources for the Stonewall Tailings Dams as at September 2018

Resource Classification	Surface Operation	Reef	Tonnage	Gold Grade	Gold Content	
			Mt	g/t	Kg	koz
Indicated	Glynn's Lydenburg	Tailings	1.211	0.80	972	31.3
	Blyde 1	Tailings	0.590	0.73	434	14.0
	Blyde 2	Tailings	0.280	0.83	234	7.5
	Blyde 3	Tailings	0.316	0.87	275	8.8
	Blyde 4	Tailings	0.164	0.72	119	3.8
	Blyde 5	Tailings	0.022	0.61	14	0.4
	TGME Plant	Tailings	2.661	0.87	2 325	74.8
Total Indicated			**5.244**	**0.83**	**4 373**	**140.6**

Resource Classification	Surface Operation	Reef	Tonnage	Gold Grade	Gold Content	
			Mt	g/t	Kg	koz
Inferred	Blyde 3a	Tailings	0.023	0.57	13	0.4
Total Inferred			**0.023**	**0.57**	**13**	**0.4**

Mineral Resources for the Stonewall Rock Dumps as at September 2018

Mineral Resource Category	Surface Operation	Reef	Tonnage	Gold Grade	Gold Content	
			Mt	g/t	Kg	koz
Inferred	Vaalhoek	Rock Dump	0.121	1.64	199	6.4
Total Inferred			**0.121**	**1.64**	**199**	**6.4**

Notes:

1. Underground cutoff is 160cm.g/t, open pit cutoff is 0.5 g/t and the tailings cutoff is 0.35 g/t;
2. The gold price used for the cutoff calculations is USD 1,500 / oz;
3. Geological losses applied are, 10% for inferred and 5% for Indicated and Measured;
4. Declared Mineral Resources fall within the various permit areas;
5. Historical mine voids have been depleted from the Mineral Resource;

The inferred Mineral Resources have a high degree of uncertainty and it should not be assumed that all or a portion thereof will be converted to Mineral Reserves.

Stonewall Resources Limited

Mining Rights and Applications for Mining Rights

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

All Prospecting Rights held by Stonewall has expired and are now in the process of being consolidated into two 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 2018.

This Corporate Governance Statement was approved by the Board on 27 September 2018.

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.

There was Board renewal since the end of the last financial year, with two directors retiring and two new directors appointed to the Board. The Managing Director and the Chief Financial Officer were appointed during the previous financial year and whilst no formal performance review has been undertaken, the executives receive informal feedbacks on their performance from time to time. 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.

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 whom 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.

Bill Guy	Non Executive Chairman	Independent
Richie Yang	Non Executive Director	Independent
Simon Liu	Non Executive Director	Independent
Robert Thomson	Managing Director	Not independent
Brett Tang	Non Executive Director	Not Independent

The Chairman of the Board is an independent director and the majority of the Board is made up of independent directors. Mr Thomson is the Managing Director and is not considered independent while Mr Tang is associated with a substantial shareholder of the Company.

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 provider;
- 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.

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 –

- Bill Guy (Chairman) (appointed 4 September 2018)
- Bill Richie Yang
- Simon Liu
- Brett Tang (appointed 4 September 2018)

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

The attendance of each committee member at committee meetings is set out in the Directors' Report.

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, both independent directors, are –

Bill Richie Yang (Chairman)
Bill Guy (appointed 4 September 2018)

The committee is currently comprised of only two members. Notwithstanding, the Board is of the view that it is adequate given the size of the company and nature of its business.

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 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 2018.

Directors

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

<u>Present Directors</u>	
Charles William (Bill) Guy	Non-Executive Chairman (appointed 7 March 2018, Chairman from 4 September 2018)
Robert Peter Thomson	Managing Director
Bill Richie Yang	Non-Executive Director
Yang (Simon) Liu	Non-Executive Director
Guyang (Brett) Tang	Non-Executive Director (appointed 3 July 2018)
<u>Former Directors</u>	
Trevor Alan Fourie	Non-Executive Chairman (resigned 30 August 2018)
Yihao (Eric) Zhang	Non-Executive Director (resigned 13 June 2018)

Information on Directors

Charles William (Bill) Guy	**Non-Executive Chairman**
Period of Directorship:	Appointed 7 March 2018, Appointed as Chairman on 4 September 2018
Qualifications:	B. App. Sc. Member, Australian Institute of Geoscientists
Experience:	Mr Guy is a professional geologist with over 25 years' experience in exploration and resource development in Asia, Australia and Europe, most recently as the Managing Director of Longford Resources Limited (ASX: LFR). As MD of Longford Resources, he progressed the Keel zinc project in Ireland to its first JORC Resource within just a few months of securing an option over the project. He previously served as Exploration Manager of Jupiter Mines Limited. At Jupiter Mines, he developed exploration protocols that enabled the projects to progress from grass roots to a viable resource.
Interest in Shares and Options:	Held by Mineral Rock Pty Ltd - 4,182,314 Fully paid ordinary shares - 4,182,314 Listed options exercisable at $0.03 per share on or before 31 October 2020
Special Responsibilities:	Chairman of Nomination and Remuneration Committee Member of Audit Committee
Other Listed Company Directorships in Last 3 Years:	Longford Resources Limited (resigned 8 December 2017)

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 and has since been involved in numerous successful gold (as well as base metal) ventures which included transitioning companies from exploration to production and the establishment of sustainable operations. He was directly involved as GM/Project Director in delivering and leading in-country the large and successful 100,000+ ozpa Chatree (Thailand) and Sepon Stage 1 (Laos) gold mines and as the CEO of Climax Mining, he was instrumental in the development of the Didipio gold/copper mining operation in the Philippines, which merged into and cornerstoned Oceana Gold Corporation.
Interest in Shares and Options:	Held Directly - 1,842,105 fully paid ordinary shares - 1,842,105 listed options exercisable at $0.03 each, on or before 31 October 2020 - 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 3 and Pre-Feasibility Study IRR (pre-tax) is greater than or equal to 40% on or before 19 July 2020 Held by Monterey Consolidated Services Pty Limited <Lorodaca Super Fund> - 3,289,473 fully paid ordinary shares - 789,473 listed options exercisable at $0.03 each, on or before 31 October 2020
Special Responsibilities:	Nil
Other Listed Company Directorships in Last 3 Years:	Golden Cross Resources Limited (resigned 28 November 2017)

Bill Richie Yang	**Non-Executive Director**
Period of Directorship:	Since 16 June 2015
Qualifications:	BCom (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:	Held by Bill Richie Yang ATF Yana Family Super Fund - 2,368,421 fully paid ordinary shares - 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 Held by Vs Capital Investments Pty Ltd ATF <The Exponential Family Trust> - 6,189,473 fully paid ordinary shares - 5,289,473 listed options exercisable at $0.03 per share on or before 31 October 2020 - 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 (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 (resigned 13 July 2017)

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:	Held Directly - 12,294,736 fully paid ordinary shares - 9,794,736 listed options exercisable at $0.03 per share on or before 31 October 2020 - 2,500,000 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 Hanhong New Energy Holdings Ltd - 45,271,042 quoted ordinary fully paid shares - 5,000,000 unlisted options exercisable at $0.03 each expiring 22 August 2019 Smart Vision Investment Group Ltd - 82,423,681 quoted ordinary fully paid shares - 5,000,000 unlisted options exercisable at $0.015 each expiring 12 October 2019.
Special Responsibilities:	Member of Remuneration and Nomination Committee
Other Listed Company Directorships in Last 3 Years:	Nil

Guyang (Brett) Tang	**Non-Executive Director**
Period of Directorship:	Since 3 July 2018
Qualifications:	Bachelor of Law (University of Soochow) MBA (University of Nanjing)
Experience:	Mr Tang is a qualified lawyer in China and is also registered as a Fund Manager with the Asset Management Association of China (AMAC). He is a professional investor and fund manager, experienced in and been successful in mining and mining investments. From 2007-2013, he was Executive Director at Yunnan Gold Mountain Ltd, a joint venture company with a Chinese state-owned mining enterprise. The company grew to a 20,000oz per annum gold producer from horizontal adit-entry type mines. Between 2013 and 2015 he was a Director of Ao-zhong Mining Pty Ltd, an investment and operating arm of East China Non-Ferrous Exploration Corporation, a Chinese specialised mining and exploration corporation with a history of mining investments in Australia. Mr Tang is a director at Tasman Funds Management Pty Ltd and a director and founding partner of China Nanjing Venture Capital Ltd, a China-based VC Fund.
Interest in Shares and Options:	Held by Tasman Funds Management Pty Ltd ATF Tasman Investments Fund - 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 - Convertible Note with a face value of AUD 1,650,000 under which the holder has the right to convert the Note into shares in the entity at $0.009 per share
Special Responsibilities:	Member of Remuneration and Nomination Committee
Other Listed Company Directorships in Last 3 Years:	Nil

Trevor Alan Fourie	**Non-Executive Chairman**
Period of Directorship:	27 January 2012 - 30 August 2018
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:	Held by Trevor Fourie ATF Quatreforte Investment Trust - 29,251,270 fully paid ordinary shares - 15,742,104 listed options exercisable at $0.03 each, on or before 31

	October 2020 - 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 Held by Jenala Investments Pty Ltd ATF TAF Superannuation Fund - 11,500,000 quoted ordinary fully paid shares - 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 2019
Special Responsibilities:	Chairman of Remuneration and Nomination Committee (ceased 30 August 2018) Member of Audit and Risk Committee (ceased 30 August 2018)
Other Listed Company Directorships in Last 3 Years:	Nil

Yihao (Eric) Zhang	**Non-Executive Director**
Period of Directorship:	16 June 2015 – 13 June 2018
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:	Held Directly - 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 Held by Tasman Funds Management Pty Ltd atf Tasman Investments Fund - 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:	Member of Audit and Risk Committee (ceased 13 June 2018)

Other Listed Company Directorships in Last 3 Years:	Bligh Resources Limited (resigned 17 July 2016)

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 Sebuku 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) Resource drilling and preliminary mine planning work on the TGME project , the aim being to declare an ore reserve estimate and complete a feasibility study for an initial open cut mining operation;
(b) Review of 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; and
(c) 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 5 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) Issued capital increased by US$5,319,000, arising from the issue of shares largely to raise funds for its ongoing activities.
(b) Net borrowings reduced by US$1,335,000 following scheduled loan repayments and after taking account of interest accrued on loans.

Dividends

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

Likely Developments and Expected Results

Drilling activities completed during the year has confirmed areas of high grade mineralization with mineral resources potentially amenable for an open cut mining operation utilizing the Consolidated Entity's disused gold processing plant. The Consolidated Entity continues to drill these target areas, with the aim of declaring an ore reserve estimate and complete a feasibility study for an initial open cut mining operation.

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 2018

Conversion of Convertible Note held by Tasman Funds Management Pty Ltd ("Tasman")

Following an election by Tasman to convert a A$1,650,000 convertible note ("Note") into shares in the Company, on 5 September 2018 the Company issued 251,434,703 fully paid ordinary shares to Tasman at a price of $0.009 per share in full settlement of the Note and accrued interest, totaling A$2,263,000.

Share Placement

In May 2018, the Company entered into a Subscription Agreement ("Agreement") pursuant to which an investor agreed to subscribe for A$5,000,000 worth of shares in the Company in two tranches. Subscription for the first tranche of A$2,000,000 was completed in May/June 2018. On 23 August and 19 September 2018, the Company issued a total of 155,555,555 shares to the investor following the subscription of a further $1,500,000 under the Agreement.

Issue of securities to Key Management Personnel

Following a shareholders meeting on 10 August 2018 at which shareholders approved the issue of securities to directors in satisfaction of outstanding director fees and salary, a total of 38,320,891 fully paid ordinary shares and attaching listed options (exercisable at $0.03 per share on or before 31 October 2020) were issued at $0.019 per share in settlement of A$728,000 owing to the directors (including former directors).

Meetings of Directors

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

Board meetings

	Eligible to attend	Attended
Trevor Fourie	16	16
Robert Thomson	16	16
Richie Yang	16	15
Eric Zhang (resigned 13 June 2018)	15	5
Simon Liu	16	8
Bill Guy (appointed 7 March 2018)	4	4

Audit and Risk Committee meetings

	Eligible to attend	Attended
Trevor Fourie	4	4
Richie Yang	4	4
Eric Zhang (resigned 13 June 2018)	4	2

Nomination and Remuneration Committee meeting

	Eligible to attend	Attended
Trevor Fourie	1	1
Richie Yang	1	1
Simon Liu	1	0

Options

Issued during the year

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

Name	Listed Options (ASX: SWJO)	Unlisted Options	Incentive Options	Performance Rights
Free attaching options to share issue to sophisticated investors and pursuant to Share Purchase Plan prospectus	275,975,225			
VP Capital Pty Ltd		3,389,844		
Freedom Trader Pty Ltd		2,389,844		
Mohammed Faisal Mahboob		500,000		
Mark Garkawe		500,000		
Richard Edmund Rouse		500,000		
Trevor Fourie			9,000,000	-
Robert Thomson			95,000,000	10,000,000
Richie Yang			52,500,000	9,500,000
Eric Zhang			4,000,000	-
Simon Liu			4,000,000	-
George Jenkins			10,000,000*	1,500,000*
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	**275,975,225**	**22,279,688**	**184,500,000**	**21,000,000**

Messrs T Fourie, R Thomson, R Yang, S Liu are directors, Mr E Zhang is a former director and Hanhong New Energy Holdings Ltd and Tasman Funds Management Pty Ltd are related to Messrs S Liu and E Zhang respectively

*under Employee Performance Rights and Option Plan

Issued since the end of the financial year

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

Name	Listed Options (ASX: SWJO)	Unlisted Options
Trevor Fourie	14,952,631	-
Robert Thomson	1,842,105	-
Richie Yang	5,289,473	-
Eric Zhang	2,891,210	-
Simon Liu	9,794,736	-
Bill Guy	3,550,736	-
Freedom Trader Pty Ltd		2,589,473
Cheng Peng		1,000,000
VP Capital Pty Limited		1,589,473
Chad Fletcher Investments Pty Ltd		86,316
Philip John Cawood		84,244
SJ Capital Pty Ltd		459,200
Valas Investments Pty Ltd		233,398
Total	**38,320,891**	**6,042,104**

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			
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	Recommencement 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

Number of Options	Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Expiry Date
35,000,000		$0.040	12 Oct 2019
7,279,688		$0.019	15 Jan 2020
10,000,000		$0.025	18 Jan 2020
10,000,000		$0.030	18 Jan 2020
35,000,000		$0.020	30 Apr 2020
6,042,104		$0.019	13 Aug 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
24,000,000*	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
24,000,000*	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.	$0.040	19 July 2022
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
399,705,640			

*Options lapse upon holder ceasing to be a director or employee

**Unvested performance rights lapse upon holder ceasing to be a director or employee
Vested performance rights lapse 90 days after holder ceases to be a director or employee, if not exercised

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.

Shares issued as a result of exercise of options

Since the end of the previous financial year, no shares were issued as a result of the exercise of options.

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

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnity Ernst & Young during or since the end of the financial year.

Non-Audit Services

During the financial year, the auditor, Ernst & Young, did not provide any non-audit services.

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 2018 is set out on page 49.

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 (Audited)

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

<u>Non-Executive Chairman</u>
- Trevor Fourie (resigned 30 August 2018)

<u>Managing Director</u>
- Robert Thomson

<u>Non-Executive Directors</u>
- Bill Richie Yang
- Simon Liu
- Bill Guy (appointed 7 March 2018)
- Eric Zhang (resigned 13 June 2018)

Other Key Management Personnel
- Chin Haw Lim, Chief Financial Officer / Company Secretary
- 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 previous 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. The current amount has been set at an amount not to exceed $600,000 per annum. 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.

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.

		2018	2017	2016	2015	2014
Revenue	USD'000	-	-	-	-	4,543
Net Loss Before Tax	USD'000	4,129	7,346	4,991	10,154	13,006
Net Loss After Tax	USD'000	4,129	7,346	5,250	10,154	13,006
Basic earnings per share	US cents	(0.2)	(0.3)	(0.4)	(1.8)	(2.6)
Diluted earnings per share	US cents	(0.2)	(0.3)	(0.4)	(1.8)	(2.6)
Share price at start of year	AU cents	2.6	1.0	1.0	20.0	12.0
Share price at end of year	AU cents	1.1	2.6	1.0	1.0	20.0
Market capitalisation	AUD'000	28,177	54,515	17,366	6,400	101,839

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

2018	SHORT-TERM BENEFITS			POST-EMPLOYMENT	SHARE-BASED		
	Salary and Fees	Cash bonus	Non-monetary benefits	Pension and Super-annuation	Shares /Units	Options / Rights	Total
	USD	USD	USD	USD	USD	USD	USD
Directors							
T. Fourie	58,136	-	-	-	-	21,278	79,414
R Thomson	193,786	-	-	15,541	-	299,034	508,361
B Yang	131,775	-	-	-	-	202,651	334,426
Y. Liu	38,757	-	-	-	-	21,278	60,035
B. Guy (appointed 7 March 2018)	52,294	-	-	-	-	-	52,294
E. Zhang (resigned 13 June 2018)	36,927	-	-	-	-	-	36,927
Other Key Management Personnel							
C.H. Lim	93,017	-	-	8,837	-	24,890	126,744
G. Jenkins	155,029	-	-	-	-	75,121	230,150
J. Fourie	112,584	-	-	-	-	-	112,584
Total Key Management Personnel	**872,305**	**-**	**-**	**24,378**	**-**	**644,252**	**1,540,935**

2017	SHORT-TERM BENEFITS			POST-EMPLOYMENT	SHARE-BASED		
	Salary and Fees	Cash bonus	Non-monetary benefits	Pension and Super-annuation	Shares /Units	Options / Rights	Total
	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
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**

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

2018	Balance 1 July 2017	Acquisitions	Shares received as compensation	Disposals	Net other change	Balance 30 June 2018	Balance nominally held
	No.	No.		No.	No.	No.	No.
Directors							
T Fourie	24,132,766	789,473	2,876,400	(2,000,000)	-	25,798,639	25,798,639
R Thomson	2,500,000	789,473	-	-	-	3,289,473	3,289,473
R Yang	-	3,268,421	-	-	-	3,268,421	3,268,421
Y Liu	208,618,403	-	2,500,000	-	(80,923,680)	130,194,723	127,694,723
B Guy (appointed 7 March 2018)	-	-	-	-	631,578	631,578	631,578
E Zhang (resigned 13 June 2018)	327,309,942	789,473	2,060,802	-	-	330,160,217	327,309,942
Other Key Management Personnel							
CH Lim	1,000,000	-	-	-	-	1,000,000	1,000,000
G Jenkins	1,000,000	-	-	-	-	1,000,000	-
Total Key Management Personnel	**564,561,111**	**5,636,840**	**7,437,202**	**(2,000,000)**	**(80,292,102)**	**495,343,051**	**488,992,776**

Options and Performance Rights

2018	Balance 1 July 2017	Acquisition	Granted	Lapsed	Net other change	Balance 30 June2018	Vested and exercisable
	No.		No.	No.	No.	No.	
Directors							
T Fourie	15,000,000	789,473	9,000,000	-	-	24,789,473	15,000,000
R Thomson	-	789,473	105,000,000	-	-	105,789,473	20,000,000
R Yang	25,000,000	-	62,000,000	-	-	87,000,000	40,000,000
Y Liu	10,000,000	-	9,000,000	-	-	19,000,000	15,000,000
B. Guy (appointed 7 March 2018)	-	-	-	-	631,578	631,578	-
E Zhang (resigned 13 June 2018)	8,000,000	789,473	9,000,000	(4,000,000)*	-	13,789,473	13,000,000
Other Key Management Personnel							
C H Lim	-	-	10,000,000	-	-	10,000,000	-
G Jenkins	12,500,000	-	10,000,000	-	-	22,500,000	2,500,000
Total Key Management Personnel	**70,500,000**	**2,368,419**	**214,000,000**	**(4,000,000)**	**631,578**	**283,499,997**	**105,500,000**

*Options lapsed 90 days after holder ceased to be a director

Service contracts

Name	Term	Base salary	Termination payment
Robert Thomson, Managing Director	From 24 Nov 2016 until terminated	A$250,000 per annum, plus statutory 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 (3 days a week part-time employment)	A$120,000 per annum, plus statutory superannuation	1 month notice of termination or pay in lieu
George Jenkins, Chief Executive Officer (South Africa)	From 1 Mar 2017 until terminated	A$200,000 per annum plus housing and motor vehicle benefits	3 months' notice of termination or pay in lieu plus 3 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	Month to month	A$10,000 per month	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 Board

Charles William Guy
Director

Sydney
28 September 2018

Directors' Declaration

The directors of Stonewall Resources Limited declare that:

1. The financial statements and notes, as set out on pages 50 to 92, 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 2018 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 Board

Charles William Guy
Director

Sydney
28 September 2018

Ernst & Young
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Auditor's Independence Declaration to the Directors of Stonewall Resources Limited

As lead auditor for the audit of Stonewall Resources Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stonewall Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Scott Jarrett
Partner
Sydney
28 September 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2018

	Notes	2018 USD'000	Restated 2017 USD'000
Continuing Operations			
Revenue		**-**	-
Cost of sales		**-**	-
Gross loss		**-**	-
Other income	4a	**772**	199
Finance costs	4b	**(769)**	(908)
Exploration expenses	4c	**(1,147)**	(572)
Operating expenses	4c	**(2,830)**	(4,350)
Other expenses	4d	**(155)**	(973)
Net (loss) / gain on financial liabilities	4e	**-**	(1,147)
Profit on sale of subsidiary		**-**	405
Loss before tax		**(4,129)**	(7,346)
Income tax expense	26	**-**	-
Loss for the year		**(4,129)**	(7,346)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(358)**	2,678
Other comprehensive (loss) / income for the year, net of income tax		**(358)**	2,678
Total comprehensive loss for the year		**(4,487)**	(4,668)
Loss attributable to:			
Equity holders of the parent		**(4,129)**	(7,255)
Non-controlling interest		**-**	(91)
		(4,129)	(7,346)
Total comprehensive income attributable to:			
Equity holders of the parent		**(4,487)**	(4,577)
Non-controlling interest		**-**	(91)
		(4,487)	(4,668)
Loss per share			
Basic (cents per share)	7	**(0.18)**	(0.39)
Diluted (cents per share)	7	**(0.18)**	(0.39)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2018

	Notes	2018 USD'000	Restated 2017 USD'000	Restated 1 Jul 2016 USD'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	8	**196**	1,055	57
Receivables	9	**154**	350	164
Inventories		**-**	-	139
Other financial assets		**-**	-	9
		350	1,405	369
Non-current assets held for sale	10	**507**	-	132
TOTAL CURRENT ASSETS		**857**	1,405	501
NON-CURRENT ASSETS				
Receivables	9	**43**	45	-
Property, plant and equipment	11	**418**	1,336	1,220
Exploration expenditure	12	**10,771**	9,604	8,494
Rehabilitation investment fund	13	**1,378**	1,356	1,176
TOTAL NON-CURRENT ASSETS		**12,610**	12,341	10,890
TOTAL ASSETS		**13,467**	13,746	11,391
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	14	**2,537**	3,034	3,360
Provisions	15	**344**	489	299
Borrowings	16	**7,002**	2,226	6,183
		9,883	5,749	9,842
Liabilities associated with assets held for sale		**-**	-	868
TOTAL CURRENT LIABILITIES		**9,883**	5,749	10,710
NON- CURRENT LIABILITIES				
Borrowings	16	**211**	6,322	269
Provisions	15	**1,362**	1,195	1,170
TOTAL NON- CURRENT LIABILITIES		**1,573**	7,517	1,439
TOTAL LIABILITIES		**11,456**	13,266	12,149
NET ASSETS		**2,010**	480	(758)
EQUITY				
Issued capital	17	**67,316**	61,997	57,692
Reserves		**6,655**	6,316	4,959
Accumulated losses		**(71,961)**	(67,833)	(60,578)
Non-controlling interest		**-**	-	(2,831)
TOTAL EQUITY		**2,010**	480	(758)

The accompanying notes form part of these financial statements

Stonewall Resources Limited

Consolidated Statement of Changes in Equity
for the Year Ended 30 June 2018

2018	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Share based payment 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 2017 (restated)	**61,997**	**7,552**	**30**	**198**	**1,875**	**(3,339)**	**(67,833)**	**480**	**-**	**480**
Loss for the period	-	-	-	-	-	-	(4,129)	(4,129)	-	(4,129)
Other comprehensive income net of income tax	-	-	-	-	-	(358)	-	(358)	-	(358)
Total comprehensive income	-	-	-	-	-	(358)	(4,129)	(4,487)	-	(4,487)
Recognition of share based payments	-	-	-	-	697	-	-	697	-	697
Issue of options	-	-	-	-	-	-	-	-	-	-
Issue of shares	5,715	-	-	-	-	-	-	5,715	-	5,715
Cost of shares issued	(396)	-	-	-	-	-	-	(396)	-	(396)
Balance 30 June 2018	**67,316**	**7,552**	**30**	**198**	**2,572**	**(3,697)**	**(71,962)**	**2,010**	**-**	**2,010**

The accompanying notes form part of these financial statements

2017	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Share based payment 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 2016 (restated)	**57,692**	**10,346**	**30**	**198**	**404**	**(6,020)**	**(60,578)**	**2,072**	**(2,830)**	**(758)**
Loss for the period	-	-	-	-	-	-	**(7,255)**	**(7,255)**	**(91)**	**(7,346)**
Other comprehensive income net of income tax	**-**	**-**	**-**	**-**	**-**	**2,678**	**-**	**2,678**	**-**	**2,678**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,678**	**(7,255)**	**(4,577)**	**(91)**	**(4,668)**
Equity portion of related party	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of share based payments	**-**	**-**	**-**	**-**	**1,474**	**-**	**-**	**1,474**	**-**	**1,474**
Sale of controlling interest	**-**	**(2,921)**	**-**	**-**	**-**	**-**	**-**	**(2,921)**	**2,921**	**-**
Issue of options	**-**	**127**	**-**	**-**	**-**	**-**	**-**	**127**	**-**	**127**
Issue of shares	**4,371**	**-**	**-**	**-**	**-**	**-**	**-**	**4,371**	**-**	**4,371**
Cost of shares issued	**(66)**	**-**	**-**	**-**	**-**	**-**	**-**	**(66)**	**-**	**(66)**
Balance 30 June 2017 (restated)	**61,997**	**7,552**	**30**	**198**	**1,878**	**(3,342)**	**(67,833)**	**480**	**-**	**480**

Consolidated Statement of Cash Flows
for the Year Ended 30 June 2018

	Notes	2018 USD'000	2017 USD'000
Cash flows from operating activities			
Payments to suppliers and employees		**(2,393)**	(2,605)
Interest received		**5**	65
Interest paid		**(122)**	(147)
Net cash from operating activities	23	**(2,510)**	(2,687)
Cash flows from investing activities			
Payments for property, plant and equipment		**(50)**	(20)
Payments for exploration expenditure		**(2,217)**	(870)
Proceeds from disposal of equity instruments		**190**	882
Payments for rehabilitation investment		**-**	(17)
Proceeds from disposal of property, plant and equipment		**76**	45
Net cash flow from investing activities		**(2,001)**	20
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**5,235**	2,798
Payments for share issue costs		**(470)**	(61)
Proceeds from borrowings		**279**	1,783
Repayment of borrowings		**(1,391)**	(835)
Payments for finance lease		**-**	(19)
Net cash flow from financing activities		**3,653**	3,666
Net increase / (decrease) in cash and cash equivalents		**(858)**	999
Cash and cash equivalents at beginning of the year	8	**1,055**	(178)
Exchange rate adjustments		**(1)**	12
Cash and cash equivalents at end of the year	8	**196**	833

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2018

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').

The financial statements were authorized for issue in accordance with a resolution of the directors on 27 September 2018.

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 made a loss of $4,129,000 for the year (2017: $7,346,000), with net cash outflows from operating activities of $2,510,000 (2017: $2,687,000). At 30 June 2018, the Consolidated Entity had net current liabilities of $9,026,000 (2017: $4,344,000).

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

Net current liabilities include a loan from Australian Private Capital Investment Group (International) Ltd ("APCIG"), a company associated with Mr Simon Liu, a director of the Company. At 30 June 2018, the loan and accrued interest amounted to $4,794,000.

As explained in Note 16(f), the Company has agreed to an arrangement (not formalized in writing) with the controller of the loan as follows:

(a) 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$5,000,000.

(b) Repayment 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) (refer Note 21(a)) 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.

Included in net current liabilities above are also the following liabilities (totaling A$2,961,000) which were settled subsequent to balance date –

a) A convertible note held by Tasman Funds Management Pty Ltd and accrued interest totaling $1,650,000 (A$2,233,000). As disclosed in Note 28, the convertible note and accrued interest was converted into shares in the Company subsequent to balance date.
b) Accrued director fees and salary of $538,000 (A$728,000) which was settled by the issue of 38,320,891 fully paid ordinary shares in the Company subsequent to balance date (refer Note 28), each with an attaching free listed option (exercisable at $0.03 per share on or before 31 October 2020), at an issue price of $0.019 per share, following the approval of shareholders at a general meeting on 10 August 2018.

The Company raised $5,235,000 before issue expenses during the year from share placements to sophisticated investors and a share purchase plan offer to shareholders and continues to be able to raise new funds to support its activities. In May 2018, the Company entered into a Share Subscription Agreement ("Agreement") pursuant to which an investor agreed to subscribe for A$5,000,000 in shares in the Company. The investor subscribed for A$2,000,000 in shares in the Company during the financial year. Subsequent to balance date and as disclosed in Note 28, the investor subscribed for a further A$1,500,000 under the Agreement. The balance of the share subscription is expected to be completed soon.

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

The ability of the Consolidated Entity to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the Company being successful in raising additional funds and receiving the ongoing financial support of legacy creditors to continue to accept deferred payment arrangements. In the event the Consolidated Entity is unsuccessful in achieving the above, there is material uncertainty that may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2018. Accordingly, 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 not continue as a going concern.

iv. 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 12 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.

Fair value of derivatives and other financial instruments

As described in Note 2(h) and 25, 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.

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

- Determining the appropriate accounting treatment including assessment of debt versus equity and whether embedded derivatives exist; and
- Inputs into the fair value calculations of the embedded derivatives, including the volatility of the underlying share price.

Refer to Notes 2(h) and 25 for further details.

Note 2: Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Stonewall Resources Limited as at 30 June 2018 and the results of all subsidiaries 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 de-recognises 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. 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.

f. 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 corporate bonds with terms to maturity that match the expected timing of cash flows.

g. Exploration and evaluation 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.

Indirect exploration expenditure is expensed in the period it is incurred.

h. 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

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 25.

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.

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.

i. 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 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.

j. 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.

k. 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.

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.

l. 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.

m. 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.

n. 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.

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.

o. 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.

p. 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:

Class of Fixed Asset	*Depreciation Rate*
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.

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.

q. 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.

r. Rehabilitation Provision

Estimated long-term environmental provisions, comprising pollution control, rehabilitation, decommissioning and mine closure, are calculated based on 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.

s. 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).

t. 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.

u. 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.

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. Accounting Standards and Interpretations issued but not yet effective

The table below sets out new Australian Accounting Standards and Interpretations that have been issued but are not yet mandatory and which have not been early adopted by the Company for the reporting period ended 30 June 2018. The Company is in the process of assessing the impact of the new standards. Preliminary assessment of AASB 9 indicate the impact will not be material.

Standard	Title	Application date of standard	Application date for Group
AASB 16	Leases	1 January 2019	1 July 2019
AASB 9	Financial Instruments	1 January 2018	1 July 2018
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	1 July 2018
AASB 22	Foreign Currency Transactions and Advanced Consideration	1 January 2018	1 July 2018

Note 3: Correction of Prior Period Errors

During the year, the following matters relating to prior reporting periods came to the Company's attention and have been treated as corrections to the prior periods' financial statements –

(a) Share-based payments

In June 2017, shareholders of the Company approved the issue of options and performance rights to directors and other parties. The options and performance rights were issued in July 2017. Under the accounting standard, the options issued in July 2017 are deemed to have been granted at the time of the shareholders' approval in June 2017 and the share-based payment expense ($540,000) recognized in the year ended 30 June 2017 to the extent vested.

(b) Provision for tax

The Consolidated Entity has a liability resulting from an Environmental Trust having applied some of its cash for a purpose other than rehabilitation, which constitutes a contravention of the income tax law in the jurisdiction in which it operates. The contravention occurred in April 2015 and a tax provision of $217,000 is being recognised as an adjustment to that prior period. A contingent liability has also been disclosed in relation to this matter (refer to Note 21 for further details).

(c) Borrowings and Derivative asset/liability

The Company incorrectly calculated the fair value of the convertible security at 30 June 2017. Following a re-calculation, the error has been corrected as a prior period correction.

(d) Reclassification of development costs

Development assets of $8.2 million relating to expenditure incurred up to 30 June 2017 were reclassified into exploration assets, the reason being that those assets pertain to the area of interest currently under exploration and evaluation activities and have not yet reached a stage where the technical feasibility and commercial viability of extracting the minerals are demonstrable. The reclassification has no impact on the net assets of the group.

(e) Under accrual of expenses

Interest expense ($40,000) and share issue cost ($137,000) were underaccrued in prior years. These costs have been recognised as a prior period correction.

The above errors have been corrected by re-stating each of the affected financial statement line items for the prior periods as shown below.

Impact on equity (increase/(decrease) in equity)

		30 June 2017 USD'000	1 July 2016 USD'000
Derivative asset	3(c)	(320)	-
Exploration expenditure	3(d)	8,190	8,190
Development expenditure	3(d)	(8,190)	(8,190)
Total assets		(320)	-
Provision for tax	3(b)	217	217
Borrowing	3(c)	(168)	-
Derivative liability	3(c)	961	-
Trade payables	3(e)	137	137
Total liabilities		1,147	354
Issued capital	3(e)	(137)	(137)
Share based payments reserve	3(a)	540	-
Equity Reserve	3(c)	(38)	-
Foreign currency translation reserve	3(c)	(17)	-
Accumulated losses		(1,856)	(217)
Net impact on equity		(1,508)	(354)

Note 4: Profit /Loss from Operations

	2018 USD'000	Restated 2017 USD'000
(a) Other income		
Interest income	**106**	65
Fair value adjustment on convertible note	**562**	-
Other income	**103**	134
	772	199
(b) Finance Costs		
Loans and bank overdraft	**623**	524
Finance leases	**1**	4
Convertible notes	**98**	427
	722	955
(c) Operating expenses		
Administration expenses	**467**	512
Consultants expenses and professional costs	**351**	1,090
Employee and contractor expenses	**2,032**	2,616
Depreciation	**183**	216
Other operating expenses	**944**	488
	3,977	4,922
Reclassified as Exploration expenses	**(1,147)**	(704)
	2,830	4,218
(d) Other expenses		
Impairment of mining assets	**108**	360
Provision for doubtful debts	**-**	409
Other expenses	**46**	204
	154	973
(e) Net (loss) / gain on financial liabilities		
Loss on revaluation of financial liabilities at fair value through profit and loss	**-**	(1,147)
	-	(1,147)

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 41 to 47.

	2018 USD	2017 USD
Total remuneration paid or payable to KMPs is as follows:		
Short-term employee benefits	**872,305**	923,761
Post-employment benefits	**24,378**	10,832
Share-based payment	**644,252**	703,465
	1,540,935	1,638,058

Note 6: Auditor's Remuneration

	2018 USD	2017 USD
Audit and review of financial report		
- Ernst & Young, Australia	**69,897**	-
- Ernst & Young, South Africa	**42,413**	-
- Deloitte Touche Tohmatsu, Australia	**-**	173,779
- Deloitte Touche Tohmatsu, South Africa	**-**	72,809
	112,310	246,588
Tax advice		
- Deloitte and Touche, South Africa	**-**	2,324
	112,310	248,912

During the year, Ernst & Young replaced Deloitte Touche Tohmatsu as auditor of the Consolidated Entity.

Note 7: Earnings per Share

Loss per share	**cent**	cent
Basic loss per share	**(0.18)**	(0.39)
Diluted loss per share	**(0.18)**	(0.39)

	USD'000	Restated USD'000
Loss used to calculate basic and diluted loss per share	**4,129**	7,346

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**2,264,789,530**	1,902,753,599

The Consolidated Entity 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 non-dilutive for the year.

Note 8: Cash and Cash Equivalents

	2018 USD'000	2017 USD'000
Cash at bank and in hand	**196**	1,055

<u>Reconciliation to Statement of Cash Flows</u>

	2018 USD'000	2017 USD'000
Cash at bank and in hand	**196**	1,055
Bank overdraft	**-**	(222)
Cash and cash equivalents per Statement of Cash Flows	**196**	833

The bank overdraft was cancelled and has been treated as a loan (refer Note 16).

Note 9: Receivables

	2018 USD'000	Restated 2017 USD'000
Current		
Tax receivable	**102**	76
Other receivables	**52**	274
	154	350
Non-current		
Security deposits	**43**	45

The value of receivables considered by the directors to be past due or impaired is nil (2017: nil).

Note 10: Non-Current Assets Held for Sale

	2018 USD'000	2017 USD'000
Land and buildings for sale	**507**	-

Note 11: Property, Plant and Equipment

	2018 USD'000	2017 USD'000
Land and buildings		
Land and buildings - at cost	**261**	1,108
Less accumulated depreciation	**(25)**	(98)
	236	1,010
Plant and machinery		
Plant and machinery - at cost	**1,338**	1,409
Less accumulated depreciation	**(1,177)**	(1,120)
	161	289
Motor vehicles		
Motor vehicles - at cost	**191**	207
Less accumulated depreciation	**(169)**	(170)
	21	37
Total Property, Plant and Equipment	**418**	1,336

	2018 USD'000	2017 USD'000
Movements:		
Land and buildings		
Opening net book value	**1,010**	1,031
Disposals	**(87)**	-
Depreciation and impairment	**(145)**	(38)
Reclassified to assets held for sale	**(507)**	-
Exchange rate effect	**(35)**	17
Closing net book value	**236**	1,010
Plant and machinery		
Opening net book value	**289**	145
Additions	**1**	1
Disposals	**-**	(45)
Depreciation	**(122)**	(138)
Reclassified from exploration expenditure	**-**	189
Exchange rate effect	**(7)**	137
Closing net book value	**161**	289
Motor vehicles		
Opening net book value	**37**	44
Additions	**12**	16
Disposals	**(2)**	-
Depreciation	**(25)**	(27)
Exchange rate effect	**(1)**	4
Closing net book value	**21**	37

Note 12: Exploration Expenditure

	2018 USD'000	Restated 2017 USD'000
Exploration expenditure	**10,771**	9,604
Movements:		
Opening net book value	**9,604**	8,494
Additions	**1,655**	170
Amortisation	**-**	(14)
Reclassified to plant and machinery	**-**	(189)
Exchange rate effect	**(488)**	1,143
Closing net book value	**10,771**	9,604

Note 13: Rehabilitation Investment Funds

	2018 USD'000	2017 USD'000
Rehabilitation investment funds	**1,378**	1,356

Movements:

	2018 USD'000	2017 USD'000
Balance at beginning of year	**1,356**	1,176
Interest received	**55**	42
Fair value adjustment	**(15)**	1
Additions / (Withdrawals)	**57**	(22)
Exchange rate effect	**(75)**	158
Balance at end of year	**1,378**	1,356

The rehabilitation funds are pledged to a third party 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 14: Trade and Other Payables

	2018 USD'000	2017 USD'000
Trade payables	**1,301**	1,498
Employee benefits	**2**	14
Accrued expenses	**1,234**	1,522
	2,537	3,034

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.

Note 15: Provisions

	2018 USD'000	Restated 2017 USD'000
Current		
Provision for employee benefits	**80**	114
Provision for audit fees	**70**	158
Provision for tax (refer Note 21(b))	**194**	217
	344	489
Non-Current		
Provision for rehabilitation	**1,362**	1,195

Movements:

Balance at beginning of year	**1,194**	1,170
Changes in estimate during year	**244**	(127)
Exchange rate effect	**(76)**	152
Balance at end of year	**1,362**	1,195

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 13).

Note 16: Borrowings

		2018 USD'000	Restated 2017 USD'000
Current			
Secured			
Convertible security	(a), (b)	**348**	1,750
Bank overdraft	(a), (c)	**67**	222
Vendor finance	(a), (d)	**30**	26
Finance lease	(a), (e)	**-**	21
		445	2,019
Unsecured			
Loan – related party	(a), (f)	**4,886**	77
Loan – unrelated party	(a)	**21**	63
Convertible note	(a), (g)	**1,650**	-
Other		**-**	67
		6,557	207
Total		**7,002**	2,226

		2018 USD'000	Restated 2017 USD'000
Non-Current			
Secured			
Vendor finance	(a), (d)	**211**	254
		211	254
Unsecured			
Loan – related party	(a), (f)	**-**	4,491
Convertible note	(a), (g)	**-**	1,577
		-	6,068
Total		**211**	6,322

(a) Details of loans

	Note	2018 USD'000	2017 USD'000	Repayment terms	Interest rate pa
Convertible security	16(b)	**348**	1,750	Refer Note 16(b)	
Bank overdraft	16(c)	**67**	222	On demand	South African prime rate +1%
Vendor finance	16(d)	**241**	280	Repayable over 10 years from August 2014	South African prime rate +2%
Finance lease	16(e)	**-**	21	Repayable over 12 months	12.5%
Loan – related party	16(f)	**4,794**	4,491	Subject to standstill agreement, not repayable until convertible security repaid in full	10.0%
Loan – related party		**92**	77	Subject to standstill agreement, not repayable until convertible security repaid in full	12.0%
Loans – unrelated parties		**21**	63	On demand	24%
Convertible note	16(g)	**1,650**	1,577	Subject to standstill agreement, not repayable until convertible security repaid in full	12.0%
Other		**-**	67		
Total		**7,213**	8,548		

(b) Convertible security

In January 2017, the Company entered into a Convertible Security Funding Agreement with The Australian Special Opportunity Fund, LP ("ASOF"), an entity managed by Lind Partners, LLC.

In consideration for loans from ASOF, the Company issued to ASOF a convertible security with a face value of A$2,520,000 (“Convertible Security”). The Convertible Security is repayable in 24 equal monthly instalments of A$130,000.

As at 30 June 2018, the face value of the Convertible Security remaining outstanding was A$500,000 (2017: A$1,580,000). At the repayment rate of A$130,000 per month, the Convertible Security will be repaid in full by October 2018.

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.

In accordance with Australian Accounting Standards, the Company has recognised a financial liability for the debt instrument and 3 separate instruments in respect of the various conversion options included in the agreement. The financial liability has been designated as fair value through profit and loss. At 30 June 2018, the Company has recognised a liability of USD 348,000 (Restated 30 June 2017: USD 1,784,000) representing the fair value of the convertible security financial liability, and an equity instrument of USD 165,000 (Restated 30 June 2017: USD 165,000) recognised in equity.

Refer to Note 3 for the impact of restatement in prior periods and Note 25 for further information regarding fair value measurements.

(c) Bank overdraft

The overdraft is secured by a bond over the residential properties owned by a controlled entity. The overdraft limit is USD 67,000 (2017: USD 222,000).

(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 were capitalized at an effective interest rate of 12.5% per annum. The leases were repaid during the year. At 30 June 2017, the remaining lease terms ranged from 8 to 12 months. The liability was secured by instalment lease agreements over motor vehicles with a net book value of USD 13,886.

(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;
(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 16(b)).

As previously disclosed, 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 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) (refer Note 21(a)) as follows:

- A$3,330,000 in cash; and
- 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) ("Note") for the amount of A$1.65 million with Tasman Funds Management Pty Ltd, a company associated with directors of the Company, Mr Brett Tang (appointed 3 July 2018) and Mr Eric Zhang (resigned 13 June 2018). The key terms of the convertible note are –

(i) Interest accrues at the rate of 12% per annum (varied to 10% per annum from 1 January 2018);

(ii) The Note is unsecured;

(iii) The Note may be converted into shares in the Company at Tasman's election, at a conversion price of A$0.009 per share;

As disclosed in Note 28, the Note and accrued interest was converted into shares in the Company on 5 September 2018.

Note 17: Issued Capital

	2018 USD'000	Restated 2017 USD'000
Issued and paid up shares	**67,316**	61,997

(a) Movements

2018		**Number of Shares '000**	**USD'000**
01 Jul 2017	Balance at beginning of year	**2,096,322**	**61,997**
21 Jul 2017	Shares in settlement of director fees	**7,437**	**117**
06 Nov 2017	Share placement	**133,372**	**1,939**
14 Nov 2017	Share placement	**5,026**	**72**
13 Dec 2017	Issue under Share Purchase Plan	**8,553**	**123**
01 Feb 2018	Share placement	**111,595**	**1,701**
20 Apr 2018	Shares in settlement of debt	**17,429**	**250**
10 May 2018	Share placement	**90,909**	**748**
05 Jun 2018	Share placement	**90,909**	**764**
	Less: Share issue expenses		**(396)**
30 Jun 2018	Balance at end of year	**2,561,552**	**67,316**

2017		**Number of Shares '000**	**USD'000**
01 Jul 2016	Balance at beginning of year	1,736,626	57,829
07 Jul 2016	Conversion of loan	72,727	601
09 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	33,334	385
31 Mar 2017	Exercise of options	5,000	61
07 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		(200)
30 Jun 2017	Balance at end of year	**2,096,322**	61,997

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 18: Options and Performance Rights

Share-based payment arrangements include listed options, unlisted options and performance rights.

Listed options (ASX: SWJO) exercisable at $0.03 per share on or before 31 October 2020 were issued during the year as part of a capital raising. The options were issued free with every share subscribed in the capital raising.

Unlisted options and performance rights were issued to directors and employees as performance incentives and to align the interests of directors and executives with those of shareholders. Such securities usually contain service conditions and have share price and/or operational performance hurdles.

The Company has adopted an Employee Performance Rights and Option Plan. Grant of performance rights and options under the Plan is at the discretion of the Board of Directors and is available to employees of the Company as well as those of its subsidiaries in South Africa.

	2018 '000	**2017 '000**
Options and performance rights on issue	**673,639**	175,884
Movements:		
Balance at beginning of year	**175,884**	66,273
Listed Options issued	**275,975**	-
Unlisted Options issued	**206,780**	118,611
Performance rights issued	**21,000**	-
Options exercised	**-**	(9,000)
Options lapsed	**(6,000)**	-
Balance at end of year	**673,639**	175,884

Grant date	2018 Number '000	2017 Number '000	Expiry date	Exercise price
Listed Options				
14 Dec 2017	**146,951**	-	31 Oct 2020	A$0.030
01 Feb 2018	**111,595**	-	31 Oct 2020	A$0.030
20 Apr 2018	**17,429**	-	31 Oct 2020	A$0.030
	275,975	-		
Weighted average exercise price	A$0.030	-		
Unlisted Options				
04 Jan 2016	**10,000**	10,000	03 Jan 2019	A$0.015
22 Mar 2016	**20,000**	18,000	22 Mar 2019	A$0.015
02 Nov 2015	**23,273**	23,273	21 Oct 2018	A$0.011
04 Mar 2015	**-**	6,000	28 Feb 2018	A$0.043
19 Oct 2016	**10,500**	12,500	12 Oct 2019	A$0.015
19 Oct 2016	**35,000**	35,000	12 Oct 2019	A$0.020
19 Oct 2016	**40,000**	40,000	12 Oct 2019	A$0.040
18 Jan 2017	**10,000**	10,000	18 Jan 2020	A$0.025
18 Jan 2017	**10,000**	10,000	18 Jan 2020	A$0.030
22 Feb 2017	**2,222**	2,222	15 Aug 2019	A$0.030
22 Feb 2017	**6,145**	6,145	21 Aug 2019	A$0.030
22 Feb 2017	**2,744**	2,744	01 Sep 2019	A$0.030
20 Jul 2017	**10,000**	-	22 Aug 2019	A$0.030
20 Jul 2017*	**35,000**	-	30 Apr 2020	A$0.020
20 Jul 2017	**55,000**	-	19 Jul 2022	A$0.025
20 Jul 2017	**44,500**	-	19 Jul 2022	A$0.030
20 Jul 2017	**27,500**	-	19 Jul 2022	A$0.035
20 Jul 2017	**27,500**	-	19 Jul 2022	A$0.040
16 Jan 2018	**7,280**	-	15 Jan 2020	A$0.019
	376,664	175,884		
Weighted average exercise price	A$0.026	$0.024		
Performance Rights				
20 Jul 2017	**21,000**	-	19 Jul 2022	na
Total	**673,639**	175,884		

*Grant date deemed to be 23 June 2017 for accounting purposes

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	Fair value
20 Jul 2017	10,000	22 Aug 2019	A$0.030	A$0.023	2.309%	100%	A$0.0110
20 Jul 2017	35,000	30 Apr 2020	A$0.020	A$0.023	2.309%	100%	A$0.0148
20 Jul 2017	154,500	19 Jul 2022	A$0.025 – A$0.040	A$0.023	2.309%	100%	A$0.0117 - A$0.0170
20 Jul 2017	21,000	19 Jul 2022	na	A$0.023	2.309%	100%	A$0.0173 - A$0.0222
16 Jan 2018	7,280	15 Jan 2020	A$0.019	A$0.015	1.980%	100%	A$0.0080
Total	**227,780**						

Note 19: Reserves

	2018 '000	2017 '000
Equity reserve	**7,552**	7,552
Asset revaluation reserve	**30**	30
Option premium reserve	**198**	198
Share-based payment reserve	**2,572**	1,878
Foreign currency translation reserve	**(3,697)**	(3,342)
	6,855	6,316

(a) 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.
(b) The asset revaluation reserve is used to recognise the fair value of the entity's residential property.
(c) The option premium on convertible notes represents the equity component (conversion rights) of the convertible notes issued.
(d) The share-based payment reserve is used to recognise the value of options and performance rights granted.
(e) The foreign currency translation reserve records exchange differences arising on translation of financial statements of foreign controlled entities.

Note 20: Capital 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.

Note 21: Contingent Asset and Liability

(a) Contingent Asset

As previously reported, on 1 September 2016, the Tribunal of the Hong Kong International Arbitration Centre (HKIAC) delivered the Arbitral Award in favour of the Company in its damages claim against Shandong Qixing Iron Tower Co. Ltd (now known as Northcom Group Limited) ("Northcom"), arising from the non-completion by Northcom of an agreement to acquire the South African subsidiary of the Company.

The current value of the award, costs plus interest at 30 June 2018 was US$18.2 million. The Company had entered into a funding agreement with a consortium which is entitled to 45% of the award plus reimbursement of the costs they have funded.

The Company continues to work with its legal advisers on enforcing the award.

(b) Contingent Liability

(i) Dispute with the Association of Mineworkers and Construction Union

As reported in previous years, a subsidiary of the Company was in dispute with the Association of Mineworkers and Construction Union (AMCU) in South Africa relating to an allegation of unfair dismissal. The employees were claiming re-instatement with back pay to their date of dismissal or 12 months' salary as compensation for their alleged unfair dismissal. The matter was heard in the Labour Court of South Africa in March 2018 and the Court ruled in the Company's favour. AMCU has been granted leave to appeal the decision.

On the worst case scenario where each employee is re-instated with back pay to their date of dismissal, the total amount is estimated at US$1,071,000 (2017: US$1,129,000). The Directors believe the Consolidated Entity has a strong case and have not provided for any potential liability.

(ii) Environmental Trust Fund

The Consolidated Entity has a potential liability resulting from an Environmental Trust having applied some of its cash for a purpose other than rehabilitation, which constitutes a contravention of the income tax law in the jurisdiction in which it operates. A provision for tax of US$194,000 (2017: US$217,000) has been made in the accounts and the Trust and the entity concerned have also submitted an application for voluntary disclosure relief under a voluntary disclosure program ("VDP") pursuant to which, if successful, will relief the entity of all penalty tax and interest arising from the breach. The Consolidated Entity has received independent tax advice that the Trust and the entity qualify for the VDP application and it is more likely than not to succeed and that the penalties and related interest will be waived. In the event the Consolidated Entity is unsuccessful, the potential liability is estimated at US$349,000.

Note 22: Operating Segments

Segment Information

The Consolidated Entity's operations are located in Australia where it has its corporate office and in South Africa where it is involved in gold exploration.

The gold exploration activity is conducted through a subsidiary, Transvaal Gold Mining Estates Limited (TGME). The entire gold project is centred around the TGME processing plant and accordingly it has only one operating segment.

Segment performance

	2018 TGME USD'000	2018 Total USD'000	2017 Total USD'000
Continuing operations	-	-	-
Gold and mining revenue	-	-	-
Less: Cost of sales	-	-	-
Segment gross loss	-	-	-
Unallocated items:			
Interest income		**106**	65
Other income		**104**	134
Gain on sale of subsidiary		**-**	405
Gain on revaluation of financial liabilities at fair value through profit and loss		**562**	-
		772	604
Reconciliation of segment result to group net loss before tax			
Unallocated items:			
Operating expenses		**(2,830)**	(4,220)
Exploration expenses		**(1,147)**	(704)
Other expenses		**(155)**	(563)
Finance costs		**(769)**	(908)
Provision for doubtful debts		**-**	(408)
Loss on revaluation of financial liabilities at fair value through profit and loss		**-**	(1,147)
Net loss before tax from continuing operations		**(4,129)**	(7,346)

Segment assets

2018	**TGME USD'000**	**Total USD'000**
Segment assets	**10,081**	**10,081**
Unallocated assets		**3,386**
Total assets		**13,467**

2017	**TGME USD'000**	**Total USD'000**
Segment assets	8,394	8,394
Unallocated assets		5,352
Total assets		13,746

Segment liabilities

2018	TGME USD'000	Total USD'000
Segment liabilities	**2,640**	**2,640**
Unallocated liabilities		**8,816**
Total liabilities		**11,456**

2017	TGME USD'000	Total USD'000
Segment liabilities	2,647	2,647
Unallocated liabilities		9,431
Total liabilities		12,078

Note 23: Cash Flow Information

	2018 USD'000	2017 USD'000
a. Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax		
Loss from ordinary activities after income tax	**(4,129)**	(7,346)
Non-cash items in loss from ordinary activities		
Impairment and depreciation	**291**	576
Exploration expenditure	**1,147**	704
Finance costs	**612**	908
Interest income	**(106)**	(65)
Share-based payment	**576**	1,497
Profit on disposal of subsidiary	**-**	(405)
Doubtful debt expense	**-**	409
Loss on sale of assets	**32**	-
(Gain)/ Loss on financial instrument	**(562)**	1,147
Unrealised exchange (gain)/loss	**(94)**	91
	(2,233)	(2,484)
Changes in assets and liabilities		
Decrease in inventories	**-**	139
(Increase) / Decrease in accounts receivable	**198**	(231)
(Decrease) / Increase in provisions	**22**	215
Decrease in trade creditors and accruals	**(497)**	(326)
	(277)	(203)
Cash outflow from operations	**(2,510)**	(2,687)

b. Non-Cash Financing Activities

Conversion of loan to shares	**-**	1,203
Issue of shares in satisfaction of director fees/salaries	**118**	79
Issue of shares in satisfaction of outstanding debt	**250**	-
	368	1,282

Note 24: Related Party Transactions

Parent entity

Stonewall Resources Limited is the parent entity of the group.

Subsidiaries

Interests in subsidiaries are set out in Note 26.

Transactions with related parties

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

Director and director-related entities

(a) Following shareholders' approval at a general meeting on 23 June 2017, the following directors were issued shares and options as set out in the table below –

Name	Unlisted Options	Incentive Options	Performance Rights
Trevor Fourie		9,000,000	-
Robert Thomson		95,000,000	10,000,000
Richie Yang		52,500,000	9,500,000
Eric Zhang		4,000,000	-
Simon Liu		4,000,000	-
Hanhong New Energy Holdings Ltd (entity associated with Mr Simon Liu)	5,000,000		-
Tasman Funds Management Pty Ltd (entity associated with Mr Eric Zhang (resigned 13 June 2018))	5,000,000		-
Total	**10,000,000**	**164,500,000**	**19,500,000**

(b) Messrs T Fourie, R Thomson and E Zhang participated in a Share Purchase Plan pursuant to a prospectus dated 2 November 2017 under which eligible shareholders were entitled to apply for up to $15,000 worth of ordinary shares in the Company at an issue price of $0.019 per share. Eligible shareholders were also entitled to 1 free attaching listed option (**Option**) for every share subscribed. Each Option is exercisable at $0.03 per share and expire on 31 October 2020. Messrs T Fourie, R Thomson and E Zhang, being eligible shareholders, participated in the Share Purchase Plan and were each issued 789,473 shares and 789,473 Options.

(c) The Company rent office space from an entity associated with Mr BR Yang, for which the Company paid USD 23,254 during the year.

Key management personnel

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

Note 25: 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.

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 is able to continue as a going concern and able to meet its debts as and when they become due and payable. It aims to maintain an optimal capital structure to reduce the cost of capital.

(iv)Sensitivity Analysis

Interest Rate Risk and Foreign Currency Risk

The Consolidated Entity has performed sensitivity analysis relating to its exposure to interest rate risk and foreign currency 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.

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 at year-end totalled USD 7,213,000 (2017: USD 8,481,000). An increase/decrease in interest rates of 2% would have an adverse/favourable effect on loss before tax of USD 153,000 (2017: USD 147,000) per annum. The percentage change is based on the potential volatility of interest rates.

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**	
	2018 USD'000	**2017 USD'000**	**2018 USD'000**	**2017 USD'000**
South African Rand (US dollar equivalent)	**1,658**	2,124	**1,547**	356
Australia dollars (US dollar equivalent)	**7,963**	8,585	**180**	1,090

Based on the financial instruments held, the Consolidated Entity's pre- tax profit (loss) would have been USD 877,000 higher / lower (2017: USD 926,000 higher / lower) with a 10% increase / decrease in the Australian Dollar or South African Rand against the US Dollar.

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
2018	**%**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Financial assets							
Cash and cash equivalents	-	-	-	-	-	196	196
Trade and other receivables	-	-	-	-	-	197	197
Other financial assets	-	-	-	-	-	-	-
Rehabilitation fund	-	1,378	-	-	-	-	1,378
Total		1,378	-	-	-	393	1,771
Financial liabilities							
Trade and other payables	12.23%	772	-	-	-	1,766	2,538
Bank overdraft	10.50%	67	-	-	-	-	67
Borrowings	11.61%	50	1,813	49	-	384	2,296
Other financial liabilities		-	-	-	-	-	-
Finance leases		-	-		-	-	-
Loans from related parties	10.04%	-	4,885	-	-	-	4,885
Total		889	6,698	49	-	2,150	9,786

2017	Weighted average effective interest rate %	Variable interest rate USD'000	Less than 1 year USD'000	1-5 years USD'000	Longer than 5 years USD'000	Non-interest bearing USD'000	Total USD'000
Financial assets							
Cash and cash equivalents	1.00%	1,055	-	-	-	-	1,055
Trade and other receivables	-	-	-	-	-	405	405
Other financial assets	-	-	-	-	-	-	-
Rehabilitation fund	-	1,356	-	-	-	-	1,356
Total		2,411	-	-	-	405	2,816
Financial liabilities							
Trade and other payables	11.50%	-	-	-	-	3,034	3,034
Bank overdraft	11.25%	222	-	-	-	-	222
Borrowings	12.50%	-	130	357	-	1,214	1,701
Other financial liabilities		-	-	-	-	-	-
Finance leases	9.27%	-	21		-	-	21
Loans from related parties	11.50%	-	-	6,068	-	-	6,068
Total		222	151	6,425	-	4,248	11,046

(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 liabilities	**Fair value at (USD'000)**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	2018	2017		
Convertible security financial liability	**174**	1,141	Level 2	Discounted cash flow, at a rate that reflects the credit risk of various counterparties.

Financial Asset	**Fair value at (USD'000)**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	2018	2017		
Rehabilitation investment fund	**1,378**	1,356	Level 2	Market price of securities and cash value

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 26: 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 2 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	
	2018 USD'000	**2017 USD'000**
Loss after income tax	**(5,631)**	(8,298)

Statement of financial position

	Parent 2018 USD'000	2017 USD'000
Assets		
Total current assets	**180**	1,410
Total non-current assets	**97**	101
Total assets	**277**	1,511
Liabilities		
Total current liabilities	**8,155**	1,619
Total non-current liabilities	**-**	7,020
Total liabilities	**8,155**	8,639
Equity		
Issued capital	**89,349**	88,292
Reserves	**2,780**	1,237
Accumulated losses	**(100,007)**	(96,657)
Total equity	**(7,878)**	(7,128)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 (2017: Nil).

Capital commitments

The parent entity had no capital commitments as at 30 June 2018 (2017: Nil).

Significant accounting policies

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

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:

Name of entity	Country of incorporation	Equity holding 2018 %	2017 %
Stonewall Mining (Proprietary) Limited and its subsidiaries -	South Africa	**100**	100
- Transvaal Gold Mines Estates Limited*	South Africa	**74**	74
- Sabie Mines (Proprietary) Limited*	South Africa	**74**	74
- Vanaxe Share Block Pty Ltd*	South Africa	**74**	74
Warrinen Pty Ltd	Australia	**100**	100

* 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.

Note 27: Income tax expense

	2018 USD'000	**2017 USD'000**
Loss before income tax expense	**(4,129)**	(7,346)
Prima facie (tax benefit) / expense on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	**(1,135)**	(2,020)
Effect of expenses that are not deductible in determining taxable income	**558**	683
Effect of different tax rates of group entities operating in different jurisdictions	**33**	26
Effect of temporary differences and / or tax losses not recognised	**544**	1,311
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)	**22,817**	19,571

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 28: Events after Balance Date

Conversion of Convertible Note held by Tasman Funds Management Pty Ltd ("Tasman")

Following an election by Tasman to convert a A$1,650,000 convertible note ("Note") into shares in the Company, on 5 September 2018 the Company issued 251,434,703 fully paid ordinary shares to Tasman at a price of $0.009 per share in full settlement of the Note and accrued interest, totaling A$2,263,000.

Share Placement

In May 2018, the Company entered into a Subscription Agreement ("Agreement") pursuant to which an investor agreed to subscribe for A$5,000,000 worth of shares in the Company in two tranches. Subscription for the first tranche of A$2,000,000 was completed in May/June 2018. On 23 August and 19 September 2018, the Company issued a total of 155,555,555 shares to the investor following the subscription of a further $1,500,000 under the Agreement.

Issue of securities to Key Management Personnel

Following a shareholders meeting on 10 August 2018 at which shareholders approved the issue of securities to directors in satisfaction of outstanding director fees and salary, a total of 38,320,891 fully paid ordinary shares and attaching listed options (exercisable at $0.03 per share on or before 31 October 2020) were issued at $0.019 per share in settlement of A$728,000 owing to the directors.

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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 (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 in the financial report which describes the principal conditions that raise doubts about the Group's ability to continue as a going concern. These conditions along with other matters disclosed in Note 1 indicates that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but 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 matter to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of capitalised exploration and evaluation expenditure

Why significant	How our audit addressed the key audit matter
Capitalised exploration and evaluation assets are the Group's most significant asset. The carrying value of exploration and evaluation assets are assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators of impairment, involves a number of judgments including whether the Group has title and tenure to the licenses, will be able to perform ongoing exploration and evaluation expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group determined that there had been no indicators of impairment. Due to the quantum of this asset and the subjectivity involved in determining its carrying value, this was a key audit matter. Refer to Note 12 *Exploration and Evaluation Expenditure* to the financial statements for the amounts held on the balance sheet by the Group as at 30 June 2018 and related disclosure.	Our procedures to address the Group's assessment of the carrying value of exploration and evaluation assets included: ‣ consideration of the Company's right to explore in the relevant exploration area which included obtaining and assessing relevant documentation such as license agreements; ‣ consideration of the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area; ‣ assessment of recent exploration and evaluation activity in the relevant license area to determine if there are any negative indicators that would suggest a potential impairment of the asset; and ‣ considered the adequacy of disclosures included within Note 12 of the financial report.

Building a better working world

Funding arrangements

Why significant	How our audit addressed the key audit matter
As at 30 June 2018, the Group has borrowings totaling $7.2m of which $7.0m is classified as current. The classification and measurement of the borrowings is complex due to the conversion and other options embedded in the loan arrangements and the relationship between the loan agreements as a result of the standstill agreement (as disclosed in Note 16). Refer to Note 16 to the financial statements for the borrowings on the balance sheet as at 30 June 2018 and related disclosure.	Our procedures to address the Group's classification and measurement of the borrowings included but were not limited to: ▸ Inspecting signed agreements and assessing the Group's application of the terms in the agreements to the measurement of loan balances and their classification at year end; ▸ Obtaining confirmations from third parties to corroborate balances at year end; ▸ Validating the loan repayments, drawdowns and conversions during the period by agreeing to bank statements or other evidence; ▸ In relation to the ASOF convertible security held at fair value (refer to Note 16), we assessed the Group's determination of fair value with the support of our valuation specialists, including 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 and volatility used in the valuation by reference to historical share price information; and ▸ Considered the adequacy of disclosures included within Note 16 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, 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 accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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 judgment 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 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 to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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 Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24to 30 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Stonewall Resources Limited for the year ended 30 June 2018, 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.

Ernst & Young

Scott Jarrett
Partner
Sydney
28 September 2018

Shareholders Information
as at 26 September 2018

1. Issued securities

	Ordinary shares (ASX: SWJ)	Listed Options (ASX: SWJO)	Unlisted Options	Performance rights
Number on issue	3,011,409,001	314,296,116	378,705,640	21,000,000

2. Distribution of Shareholders

Holdings Ranges	Holders	Total Units	%
1 - 1,000	26	3,401	0.00
1,001 - 5,000	10	27,909	0.00
5,001 - 10,000	75	740,413	0.02
10,001 - 100,000	239	13,509,711	0.045
100,001 +	400	2,997,127,567	99.53
Totals	**750**	**3,011,409,001**	**100.00**

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	21 Jun 2018	327,309,942	10.87
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 261 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	Period	Expiry date
Ordinary shares	4,545,454	6 months	13 February 2019
Ordinary shares	5,000,000	24 months	13 February 2019
Ordinary shares	251,434,703	12 months	4 September 2019
Ordinary shares	337,373,735	12 months	Pursuant to Subscription Agreement announced on 5 May 2018
	598,353,892		

Top 20 shareholders

Holder Name	Number Of Ordinary Shares Held	Percentage Of Total Issued Shares
Fineway Creation Limited	337,373,735	11.20%
Tasman Funds Management Pty Ltd	327,309,942	10.87%
Golden Asia Investment Group Ltd	311,278,037	10.34%
High Gift Investments Ltd	230,151,781	7.64%
Best Wealth Winner Limited	195,555,556	6.49%
JP Morgan Nominees Australia Limited	194,191,158	6.45%
Khan International Limited	155,693,387	5.17%
BNP Paribas Noms Pty Ltd <UOB KH P/L AC UOB KH Drp>	123,100,000	4.09%
Blonde Mile International Limited	102,631,579	3.41%
Citicorp Nominees Pty Limited	98,909,815	3.28%
Smart Vision Investment Group Ltd	82,423,681	2.74%
Goldenrock International (Hong Kong) Limited	80,923,680	2.68%
Monex Boom Securities (HK) Ltd <Clients Account>	77,350,970	2.57%
Murray SA Investment Pty Ltd <Murray SA Investment A/C>	52,963,727	1.50%
Hanhong New Energy Hldgs Ltd	45,271,042	2.15%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	26,688,843	0.89%
Kasel Nominees Pty Ltd	23,702,020	0.79%
Trevor Fourie <Quatreforte Investment A/C>	23,001,270	0.76%
Wisdom Initiatives Pty Ltd	22,727,273	0.75%
HSBC Custody Nominees (Australia) Limited	22,056,313	0.73%
Peter Zhe Kuk	20,000,000	0.66%
	2,553,303,809	**85.16%**