

29 January 2016

Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000

QUARTERLY REPORT – 1 OCTOBER TO 31 DECEMBER 2015

Stonewall Resources Limited (ASX: SWJ) “Stonewall”, “Company” or the “Consolidated Entity” reports on its activities for the three month period ended 31 December 2015.

HIGHLIGHTS

- **Successful recapitalisation and Funding**
- **Retirement and re-structuring of due debt**
- **Strategic review of the companies Pre-Mined residue (“PMR”) project nearing completion**
- **Conditional Agreement entered into with East China Non-ferrous Exploration and Development Bureau and its Australian subsidiary Ao-Zhong International Mineral Resources Pty Ltd (“Ao-Zhong”)**
- **Ao-Zhong to invest up to A\$4million into the project**
- **Appointment of new director to the Board of Stonewall Resources Limited**
- **Appointment of new Chief Executive Officer for Stonewall Mining Pty Ltd**
- **Progress towards the Arbitration Tribunal Hearing for the claim for damages from Shadong Qixing Iron Tower Co., Ltd (深圳 : 002359) (for not less that US\$110million) which is scheduled for 11 to 14 March 2016.**

EXECUTIVE SUMMARY

Corporate

Summary

The Board has been able to enter into a comprehensive re-capitalisation of the Company, which has allowed for the stabilisation of the business, and the retirement of the due term debt.

The Company continues to engaged in a process of consolidation and a strategic review, including a detailed study into the PMR project.

The Company is now well positioned to transition towards production and growth with plans moving towards commencement of the PMR project by mid 2016 as well as pursuing an exploration initiative focusing on its Sabie Mines. Ao-Zhong plans to commence with a full technical study, including increasing the mineral resource and upgrading the resource categories as defined in the JORC code.

Cash

As at 31 December 2015, Stonewall had cash balances of AUD 40K.

As previously announced, Stonewall has secured further funding of AUD 5.7m which was been partially utilised to settle an existing Convertible Note and a short term working capital facility as part of the Company’s recapitalisation initiatives. In addition, the Company was successful in securing additional funding of AUD 2.55million through additional equity placements, the proceeds of which were partially used to meet the

MARKET DATA

| | |
|------------------------|---------------|
| ASX code: | SWJ |
| Current share price: | \$0.01 |
| Total shares on Issue: | 1.519 billion |

DIRECTORS & SENIOR MANAGEMENT

George Jenkins, CEO
Trevor Fourie, Director
Bill Richie Yang, Director
Liu Yang, Director
James Liu, Director
Zihao Zhang, Director
Runxi Zhu, Director

MAJOR SHAREHOLDERS

Tasman Funds Management Pty Ltd
High Gift Investments Ltd
Smart Vision Investment Group Ltd
Khan International Limited
Blonde Mile International Ltd
Buttonwood Nominees Pty Ltd

Company's commitments under the re-structured repayment terms related to Convertible Securities with two US based institutional investors.

The company continues to receive liquidity support and bridging finance for general corporate expenses and working capital from its major shareholders as and when required.

Conditional Agreement with Ao-Zhong

Stonewall announced on 1 December 2015 that it has entered into a conditional agreement with Chinese based exploration bureau, Ao-Zhong.

Stonewall will pursue an initiative focusing on its Sabie Mines. The Company previously announced that it had completed a concept study to commence trial mining at its Rietfontein Mine. In order to fully determine the Life of Mine (LOM) and capital requirements for scalable operations, further studies are necessary. Stonewall together with Ao-Zhong plans to commence with a full technical study, including increasing the mineral resource and resource categories as defined by the JORC code.

Ao-Zhong plans to invest up to A\$4million following completion of its due diligence (which is well advanced) and subject to Foreign Investment and Review Board (FIRB) approval.

Notice of Arbitration

As announced on 3 March 2015, notice of arbitration has been served on Shandong Qixing Iron Tower Co. Ltd (深圳 : 002359).

The arbitration is to determine the Company's claim for damages against Shandong arising from the termination of the Share Sale Agreement (SSA), which Stonewall announced on 21 November 2014.

The Tribunal Hearing is scheduled for 11 to 14 March 2016

Operations

- The study for the Ponieskrans Mine at TGME has resulted in the scope for the study being expanded to include other potential Pre Mined Residue Targets ("PMR").
- The primary objective of the study into Phase 2 is to determine the optimal level of production and capitalisation of the overall PMR project, given the partial roll-out of Phase 1.
- The full PMR Project Study is scheduled for completion by Q2 2016, whereafter the company intends to re-commence production.
- A re-structuring exercise was initiated including downsizing the South African workforce and closing of the corporate office in Pretoria. Amongst other benefits, costs are expected to result in a reduction of 60 percent to monthly overhead in South Africa by the second quarter 2016.

Exploration

In December, a team of 4 geologists (two Doctorates and two Masters in geology) from East China Non-ferrous Exploration and Development Bureau and its Australian subsidiary Ao-Zhong International Investment Pty Ltd (together "ECE") visited Stonewall Mining's TGME and Sabie Project areas. The technical review lasted for two weeks with the intention from ECE to make an investment in the Company as well as to engage in a long term exploration partnership with the Company.

No exploration activities took place during the quarter.

CORPORATE

Cash Position:

As at 31 December 2015, Stonewall had cash balances of AUD 40K.

In addition to further fund raising initiatives outlined in the report, the company continues to receive liquidity support and bridging finance for general corporate expenses and working capital from its major shareholders as and when required.

Recapitalisation Initiatives for the Quarter:

- **Convertible Notes**

On 29 January 2015 Stonewall entered into a new funding arrangement supported by two US-based institutional investment groups to provide funding with an initial drawdown of AUD 1,500,000

On 14 April 2015 the two funds each converted 3,571,429 shares (AUD 50,000 or USD 40,000 each) at a price of AUD 0.014

During the previous quarter, the Company received conversion notices from each of The Australian Special Opportunity Fund LP (ASOF) and SBI Investments (PR) LLC (SBI). In each instance, the Company issued floor price notices along with notices invoking the 90 calendar day period to raise sufficient capital to meet the required repayments in accordance with the Company's rights under agreements.

During the quarter ended 31 December 2015, the Company fully met its commitments under restructured payment terms to both the US based investors. During the quarter, the company also received conversion notices from each of ASOF and SBI for the remaining balance of the convertible securities. In each instance, the Company issued floor price notices along with notices invoking the 90 calendar day period to raise sufficient capital to meet the required repayments in accordance with the Company's rights under agreements. The floor price notices of A\$120k each are payable during in the next quarter.

- **Share Placements**

As announced on 5 November 2015, the Company issued 50,000,000 shares to Blonde Mile International Ltd at an issue price of \$0.009 per share. This issue settled the balance of the capital raising proposed under the resolutions approved by shareholders at the General Meeting held on 17 August 2015.

As announced on 18 November 2015, the Company completed a placement of 155,555,556 ordinary shares to a sophisticated investor at a price of \$0.009 per share raising a total of AUD 1,400,000, the proceeds of which were used to meet the Company's commitments under the re-structured repayment terms related to Convertible Securities with two US based institutional investors (refer above for further details)

In addition to this placement, the Company received firm commitments from two existing investors to raise an additional AUD 1,150,000 through the placement of 121,052,632 shares at a price of \$0.0095 per share. The issue of these shares is subject to shareholder approval which will be sought at the coming General Meeting of Shareholders being held on 23 February 2015.

Changes to Officeholders:

On 2 October 2015, the Company welcomed new director, Miss Runxi Zhu to the board.

Miss Zhu holds a bachelor degree of Business Administration in China. She is a director of Kanghua Resources Limited, an explorer of nonferrous metals including gold in the area of Golmud in Qinghai province, China. Miss

Zhu is also a director of Huijin US Inc., a major shareholder involved in the development of the 'US Arizona Phoenix Mart'. The project covers 585 acres and will include office buildings, hotels, restaurants and residential units and will become the largest convergence marketplace in Western America.

Miss Zhu is involved in large investments into real estate, hotel, financial services and resources worldwide.

On 20 November 2015, the Company announced the appointment of Mr. George Jenkins as new Chief Executive Officer for Stonewall's wholly-owned South African subsidiary, Stonewall Mining Pty Ltd.

Mr Jenkins is a qualified Extraction Metallurgist with 25 years of mining industry experience in South Africa and Australia. Throughout his career he has held various executive, operational management and business development roles with the most recent executive role as COO for Australian unlisted company Aard Metals. He has extensive experience in managing operational mine sites ranging from precious metals and coal with companies such as JCI, Vale Australia and AMCOAL, and has also held operational managerial positions in several junior mining organisations.

Mr Jenkins' appointment as CEO introduced additional experience and expertise in undertaking feasibility studies, project development and construction, as well as commissioning and production. It is also anticipated that his operational and business experience in both South Africa and Australia will provide the Company with important insights into the business and operational dynamics within these two countries.

Notice of Arbitration:

As announced on 3 March 2015, notice of arbitration has been served on Shandong Qixing Iron Tower Co. Ltd (深圳 : 002359).

The claim made by Stonewall will be determined in accordance with Australian law and resolved by arbitration, in English, under the Hong Kong International Arbitration Centre rules. An award in favour of Stonewall will therefore be enforceable against Shandong in China by Chinese courts.

This arbitration is to determine Stonewall's claim for damages against Shandong (深圳 : 002359) arising from the termination of the Share Sale Agreement (SSA), which Stonewall announced on 21 November 2014. The claim is for an amount not less than US 110 million and the tribunal hearing date has been set for 11 to 14 March 2016.

Shandong (深圳 : 002359) has been a listed company since 10 February, 2010

Following Shandong's (深圳 : 002359) withdrawal of the transaction, Shandong (深圳 : 002359) announced that its controlling shareholder sold its shares to another large Chinese enterprise.

In addition, Shandong and certain executives issued a public apology to their shareholders in relation to regulatory action by the China Securities Regulatory Commission (CSRC) against Shandong (深圳 : 002359)

Shandong (深圳 : 002359) subsequently announced that it was undertaking a large placement relating to a new transaction. The placement would require CSRC approval.

It should be noted that while the board of Stonewall is confident, there is no certainty of success or of the amount that may be awarded to Stonewall as a result of the arbitration process

APCIG Loan:

The Company entered into a loan agreement for up to AUD 5,000,000 (USD 4,000,000) with a lender, Australian Private Capital Investment Group (International) Ltd (APCIG), a company registered in the British Virgin Islands in 2013 to assist with its working capital needs pending the completion of the deal with Shandong.

In January 2015, the Company disclosed that it had executed a variation agreement whereby the maturity date of the loan had been extended to 16 October 2016.

Recently, the Consolidated Entity became aware that certain individuals purporting to represent the loan provider, APCIG, threatened the Company with various claims.

The Company's view is that the claims are without foundation and are otherwise considered being frivolous and vexatious.

Subsequent to the Quarter, the Company advises that the claims mentioned above have been withdrawn whereby the maturity date of the loan is re-confirmed as 16 October 2016.

Stonewall Mining:

As noted above, during the quarter Stonewall appointed Mr George Jenkins as the new Chief Executive Officer for Stonewall Mining Pty Ltd (the Company's wholly owned South African subsidiary). Stonewall Mining and its subsidiaries have also undergone a re-structuring exercise which has resulted in the closure of the corporate office in Pretoria and the relocation of functions to TGME. Geological Information Systems were moved into a safe, shared facility in Mogale City near Johannesburg. Through this process there has been a reduction of 60 percent in corporate overheads.

OPERATIONS

Stonewall holds a range of prospective gold assets, most of which are located in the world-renowned South African gold mining regions. These South African assets, which include several surface and near-surface gold mineralisations, provide cost advantages relative to other gold producers in the region. With significant infrastructure already in place, the Company is positioned to transition to full scale mining.

The Pre-Mined Residue (PMR)

In July 2013, Stonewall announced the discovery of the Pre-Mined Reef Residue exploration target. This target is the residual rock left over from historical underground stoping. Historical mining involved the drilling and blasting of stope ore, with high grade reef-bearing ore being sorted and removed from the underground, whilst the residue was packed in the stoped-out areas as permanent support. The reef residue discovery was documented and described in the ASX announcement dated 31 July 2013. The reef residue does not form part of the current Mineral Resources attributable to Stonewall Mining.

A significant sampling and testing exercise for both grade and fractional analysis has shown the prevalence of the material across the mining right areas.

In order to commence production on a sustainable basis, the Company previously identified three phases:

Phase 1:

- Commence with production (extraction of the material from the mines) to achieve the break-even quantity and optimise the metallurgical extraction process
- Upgrade of the existing TGME plant in order to process the material on scale successfully, including the re-installation of the second mill
- Phase 1 was interrupted, due to the labour issues, and whilst significant geological, metallurgical and mining knowledge was acquired, the contemplated metallurgical process facility wasn't fully realised.

Phase 2 (subject to the outcome of current studies and available capital):

- Ramp up of production to the optimal levels for economical rate of production
- A strategic review and detailed study into phase 2 of the PMR Project with the primary objective of the study to determine the optimal level of production and capitalisation of the PMR project, given the partial roll-out of Phase 1.
- A scoping study has identified Poniekranz, Beta South, Clewer Dukes and Brownz Hill as the preferred initial sources for a scalable PMR project. These mines have been selected based on criteria such as proximity to the processing plant, the quality of information available from sampling and inspections as well as the potential to transition from PMR into hard rock mining in the future.

Phase 3:

- Ramp up of production to maximise the gold production and yield through available processing and metallurgical extraction capacity.

The TGME plant

Although the TGME Plant in Pilgrim's Rest was operational, in anticipation of and in preparation for commencement of mining the PMR, substantial repair and maintenance work is to be done.

The plant still requires additional capital to sustain full scale PMR operations. The extent of this upgrade is currently being assessed.

During the 2013-2015 periods, the Company has undertaken several bulk trial mining projects and completed testing and treatment of the surface, underground and Pre Mined Residue material. The result of this work has added considerable value to the Company in proving metallurgical recoveries, mining and processing methodologies as well as the design of future process flows and plants. As a result, the Company is well positioned to transition to full scale mining.

TGME Projects include the following major sites:

- **Pre Mining Residue Project (PMR)**

The PMR discovery has upside potential to increase the mineral resources. Extensive sampling and analysis of the PMR was undertaken to determine grades, densities, metallurgical recoveries, process flows and quantities.

- **PMR Sources**

A scoping study has identified **Poniekranz, Beta South, Clewer Dukes and Brownz Hill** as the preferred initial sources for a scalable PMR project. These mines have been selected based on criteria such as proximity to the processing plant, the quality of information available from sampling and inspections as well as the potential to transition from PMR into hard rock mining in the future.

- **Beta**

The Beta Project is one of the first mining projects, and has been extensively bulk test mined.

In addition, Stonewall Mining is able to easily access the Beta underground PMR in support of full-scale production.

- **Vaalhoek**

Stonewall is able to target the Vaalhoek mine from an average depth of between 120 metres and 250 meters below surface.

- **PTD's**

So named as the Pilgrims Trend Deposits, this project comprises the surface deposits on Browns Hill and Theta. The resource which is fully described in the Resource Statement comprises the residue of mining operations which occurred in the 1900's. The majority of the Gold is situated within a distance 1,5km of the TGME Plant in Pilgrims Rest. The depth of the resource varies from surface to a depth of 50m. The average mining depth will be 15-20m. A sizable resource comprising almost 3m tons, and as with PMR material, the PTD material is highly amenable to concentration by means of wet screening, since the gold reports to the fine fraction. This project is available for commencement and is currently being assessed along with the multiple other PMR projects.

Sabie Projects

To the South of TGME, the Sabie Mines area, comprising the Rietfontein and Glynn's complex includes five sections; Rietfontein, South Werf, Malieveld, Compound Hill and Olifantsgeraamte.

- **Rietfontein**

A conceptual study for the opening of the Rietfontein underground mine has been completed. Rietfontein shall form a significant part of the future grand development of Sabie as one of the primary ore sources.

- **PMR**

The Sabie Mining complex also contains a substantial amount of Pre-Mined Residue, which is still in the process of being evaluated.

Bosveld Plant and Mine

Management has initiated a strategic planning phase at the operation to assess the resource potential of the project. No mineral resources have been declared for this project. Whilst it has excellent prospectivity and a good infrastructure, a Competent Persons Report will be a pre-requisite to recommissioning the mine.

In December 2015, management entered into a 3 year lease agreement with a local miner for the use of the Klipwal Plant, administration and residential infrastructure to treat third party owned gold tailings. All costs associated with maintaining this asset during the lease period will be for the account of the lessee. In addition, Stonewall Mining, through its various subsidiaries, will receive a 5% gross royalty on gold sold as well as additional cash revenue for the supply of certain support services.

Exploration:

In July 2013 Stonewall announced the discovery of the Pre-Mined Reef Residue exploration target and this material is the residual rock from historical underground mining (stoping) operations. Previous mining operations involved the drilling and blasting of ore, hand sorting and removal of high grade reef and the packing of the residual material into the mined out areas in order to reduce cost of removal from the mine or in some instances as support for the underground sections.

The reef residue discovery was documented and described in the ASX announcement dated 31 July 2013 and does not form part of the current Mineral Resources attributable to Stonewall Mining.

During the quarter no further exploration activities have been undertaken.

As per the ASX announcement of 1 December 2015, Stonewall Resources entered into a conditional agreement with ECE. In December, a team of 4 geologists (two Doctorates and two Masters in geology) from East China Non-ferrous Exploration and Development Beauru and its Australian subsidiary Ao-Zhong International Investment Pty Ltd (together "ECE") visited Stonewall Mining's TGME and Sabie Project areas. The technical

review lasted for two weeks with the intention from ECE to make an investment in the Company as well as to engage in a long term exploration partnership with the Company.

Australian Projects

- **Lucky Draw**

The tenement is situated near the township of Burruga, approximately 3 hours west of Sydney. The Lucky Draw tailings dam is located 1.3 kilometres (km) northeast of the Lucky Draw gold mine, an open cut mine that ceased operation in 1991.

Following extensive exploration to define the resource for successful extraction the Consolidated Entity entered into a joint venture with Developed Resources Proprietary Limited (Developed) with a focus on recovery of gold from the tailings dam. The venture was renewed during Q3 of 2015 and the Consolidated Entity is committed to advancing the opportunity with detailed feasibility assessments and trials to further define the economic viability of the project. The Joint Venture is currently under review.

ABOUT STONEWALL RESOURCES LIMITED

Stonewall Resources Limited (ASX: SWJ) is a gold mining company that holds a range of prospective gold assets, most of which are located in the world-renowned South African gold mining regions. These South African assets, which include several surface and near-surface gold mineralisations, provide cost advantages relative to other gold producers in the region.

Stonewall's three key projects are the TGME Project, located around the towns of Pilgrims Rest and Sabie in the Mpumalanga Province of South Africa (one of South Africa's oldest gold mining districts), the Bosveld Project, located in South Africa's KwaZulu-Natal Province, and the Lucky Draw Project, located in Australia, near the township of Burruga in New South Wales. Stonewall owns 74% of TGME, Sabie Mines and Bosveld Mines.

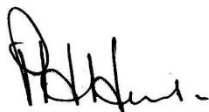
Beyond its current strategies, Stonewall has access to nearly 40 historical mines and prospect areas that can be accessed and explored.

For more information please visit: www.stonewallresources.com

For further information please contact:

Trevor Fourie, Director
Stonewall Resources Limited
M: 0414 324 960
E: trevor@stonewallmining.com

On behalf of the board



Peter Hunt
Company Secretary

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Stonewall Resources Limited

ABN

30 131 758 177

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|----------------------------|---------------------------------------|
| 1.1 | Receipts from product sales and related debtors | 3 | 8 |
| 1.2 | Payments for (a) exploration & evaluation (b) development (c) production (d) administration (e) direct production related | (1,558) | (5,040) |
| 1.3 | Dividends received | 12 | 525 |
| 1.4 | Interest and other items of a similar nature received | (70) | (415) |
| 1.5 | Interest and other costs of finance paid | | |
| 1.6 | Income taxes paid | | |
| 1.7 | Other (provide details if material) | | |
| Net Operating Cash Flows | | (1,613) | (4,922) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (including capitalised exploration and development costs) | | (4) |
| 1.9 | Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets | 82 | 82 |
| 1.10 | Loans to other entities | | |
| 1.11 | Loans repaid by other entities | | |
| 1.12 | Other (Rehabilitation Trust Fund) | (57) | (80) |
| Net investing cash flows | | 25 | (2) |
| 1.13 | Total operating and investing cash flows (carried forward) | (1,588) | (4,924) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,588) | (4,924) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 1,400 | 5,153 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | 1,600 | 1,850 |
| 1.17 | Repayment of borrowings | (1,726) | (1,884) |
| 1.18 | Dividends paid | | |
| 1.19 | Other (provide details if material) | | |
| | Net financing cash flows | 1,274 | 5,119 |
| | Net increase (decrease) in cash held | (314) | 195 |
| 1.20 | Cash at beginning of quarter/year to date | 564 | 221 |
| 1.21 | Exchange rate adjustments to item 1.20 | (210) | (376) |
| 1.22 | Cash at end of quarter | 40 | 40 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 71 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | |

1.25 Explanation necessary for an understanding of the transactions

Salary payment to CEO (who is also a director) and service contract payments to a director related entity both from Stonewall Mining Pty Ltd.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 5,850 | 4,850 |
| 3.2 Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 102 |
| 4.2 Development | 51 |
| 4.3 Production | 399 |
| 4.4 Administration | 1,606 |
| Total | 2,358 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 40 | 564 |
| 5.2 Deposits at call | | |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 40 | 564 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | | | | |
| 6.2 Interests in mining tenements acquired or increased | | | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

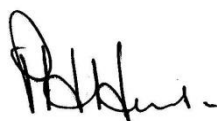
| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|---|--------------------------------------|---------------|---|--|
| 7.1 Preference ⁺securities (description) | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 ⁺Ordinary securities | 1,519,473,190 | 1,519,473,190 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 205,555,556 | 205,555,556 | \$0.009 | \$0.009 |
| 7.5 ⁺Convertible debt securities – 2 Convertible securities each with a face value of \$200,000 maturing on 28 January 2016 convertible at a conversion price of 85% of an average price calculation at the time of conversion into 1,680,672 fully paid ordinary shares each upon conversion. | Up to 3,361,344 | - | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options Unlisted, unrestricted & unescrowed Unlisted, unrestricted & unescrowed Unlisted, unrestricted & unescrowed | 6,000,000 27,272,728 3,000,000 | | <i>Exercise price</i> \$0.043 \$0.011 \$0.0165 | <i>Expiry date</i> 26/02/2018 21/10/2018 02/11/2017 |
| 7.8 Issued during quarter | 27,272,728 3,000,000 | | \$0.011 \$0.0165 | 21/10/2018 02/11/2017 |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter | 14,782,011 | | \$0.20 | 28/11/2015 |
| 7.11 Debentures (totals only) | | | | |
| 7.12 Unsecured notes (totals only) | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29 January 2016

Print name: Peter Hunt

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.