

# **Stonewall Resources Limited**

ACN 131 758 177

Interim Financial Report  
for the Half Year Ended 31 December 2015

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## Corporate Directory

### DIRECTORS

Mr Trevor Fourie  
Mr Yang Liu  
Dr James Jian Liu  
Mr Richie Yang  
Dr Yihao Zhang  
Miss Runxi Zhu (Appointed 6/10/2015)

### REGISTERED OFFICE

Level 7, 420 King William Street  
Adelaide SA 5000  
Ph: +61 8 7324 6000  
Fax: +61 8 7324 6111

### SOLICITORS

Mills Oakley Lawyers  
Level 6, 530 Collins Street  
Melbourne VIC 3000  
Ph: +61 3 9670 9111  
Fax: +61 3 9605 0933

Norton Rose Fulbright Australia  
485 Bourke Street  
Melbourne Vic 3000  
Ph: +61 3 8686 6000  
Fax: +61 3 8686 6505

Norton Rose Fulbright South Africa  
15 Alice Lane  
Sandton 2196  
SOUTH AFRICA  
Ph: +27 11 685 8500  
Fax: +27 11 301 3200

### COMPANY SECRETARY

Mr Peter Hunt

### SHARE REGISTRY

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000  
Ph: +61 2 1300 737 760  
Fax: +61 2 1300 653 459

### AUDITORS

Deloitte Touche Tohmatsu  
550 Bourke Street  
Melbourne VIC 3000  
Ph: +61 3 9671 7000  
Fax: +61 3 9671 7001

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## Directors Report

Your Directors present their report, together with the financial statements of Stonewall Resources Limited for the half year ending 31 December 2015.

Stonewall Resources Limited is listed on the Australian Securities Exchange and on 27 November 2012 completed the legal acquisition of Stonewall Mining Pty Ltd.

Under the principles of AASB 3 Business Combinations, Stonewall Mining Pty Ltd was deemed to be the acquirer for accounting purposes.

Therefore, the transaction has been accounted for as a reverse acquisition under AASB 3. Accordingly, this half-year report has been prepared as a continuation of the half-year report of Stonewall Mining Pty Ltd as the accounting parent.

### Directors

The names of the Directors of Stonewall Resources Limited (the Consolidated Entity) during or since the end of the half year are:

Mr T Fourie - Non Executive Acting Chairman  
Mr Y Liu - Non Executive Director  
Dr J Liu – NonExecutive Director  
Mr R Yang – Non Executive Director  
Dr Y Zhang – Non Executive Director  
Miss R Zhu – Non Executive Director (Appointed 6 October 2015)

### Results

The Consolidated Entity's result for the half-year ended 31 December 2015 was a loss of USD 2,996,830 (31 December 2014: USD 5,403,837 loss).

### Principal Activities

The Consolidated Entity's principal activities during the period were gold exploration, development of gold mining projects and mine operations.

### Review of Operations

During the 6 month period to 31 December 2015, the Consolidated Entity was primarily focused on the review of the Pre-Mined residue resource with a view to bringing it into full production by 2016. Further operational activities included the implementation of cost saving initiatives and the right sizing of the staff compliment in Stonewall Mining.

## Directors Report

### TGME PROJECTS – SOUTH AFRICA

#### Stonewall Mining

During the half year, Stonewall Mining appointed new CEO Mr George Jenkins to lead the Company's gold operations. The company and its subsidiaries have gone through a cost reduction and right sizing exercise. This has resulted in the corporate office being closed and management staff relocated to TGME and the Geological Information System being moved into a shared facility in Mogale City near Johannesburg. Through this process there was also a reduction in the numbers of corporate staff, combined with office relocation, rightsizing and lease of Bosveld (see below) has seen a reduction in fixed costs of close to 40% with the full benefit of this process expected to realise a 60% reduction in operational costs by March/April 2016.

#### PMR Study – TGME/Sabie

A review of the Pre-Mined Residue (PMR) project resulted in improvements in the mining methods and processes for bringing the PMR into production. The changes mainly include risk mitigation on mining and processing as well as increasing confidence levels on the project. Further, a comprehensive study is being undertaken in order to facilitate fundraising required to equip the underground mining sections and refurbish the existing Donald Liston plant at TGME.

It is anticipated that the mines at Poniekranz, Beta South, Clewer/Dukes and Browns Hill mines will be targeted in the first phase of production. These mines have been selected based on criteria such as proximity to the Donald Liston Plant, quality of information available through sampling and in mine inspections and potential to convert readily into hard rock mining opportunities when the PMR is depleted.

The PMR project will target the significant underground discoveries of gold bearing residue to provide low cost, high tonnage production

#### TGME Projects

During the 2013-2015 periods, the Consolidated Entity 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 Consolidated Entity in proving metallurgical recoveries, mining and processing methodologies as well as the design of future process flows and plants. As a result, the Consolidated Entity is well positioned to transition to full scale mining.

The Vaalhoek mine is an exciting prospect for the company and has a mineral resource of 248,400 ounces (inferred category) as defined by the JORC code at a grade of 5.74 grams per tonne (g/t). The mine is targeted to produce 40,000 tonnes per month for up to 70,000 ounces per annum once fully operational from an average depth of between 120 metres and 250 meters below surface.

The Pilgrims Trend Deposit Project (PTD's) is comprised of 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 Donald Liston Plant in Pilgrims Rest. The depth of the resource varies from surface to a depth of 50m and the average mining depth is expected to be 15-20m. This is a sizable resource (almost 3 million tonnes) and the material is highly amenable to concentration by means of wet screening as the gold reports to the fine fraction. This project is available for commencement and will be assessed along with the multiple other PMR projects once the initial PMR mines are operational

## Directors Report

### Sabie Projects

The Sabie Mines area, comprising the Rietfontein and Glynn's complex includes five sections; Rietfontein, South Werf, Malieveld, Compound Hill and Olifantsgeraamte. These mines have a current resource of 1.211 million ounces as at June 2014, indicated ounces of 329,500, and 881,800 thousand ounces inferred at a grade of 3.51g/t to 7.92 g/t and in compliance with the JORC Code. The mines are targeted to produce a total of 40,000 tpm for up to 50,000 ounces per annum once fully operational at an average depth of between 200 and 600metres.

Previously a conceptual study for the opening of the Rietfontein underground mine was completed. The Sabie Mining complex also contains a substantial amount of Pre-Mined Residue, which is still in the process of being evaluated. No active work was carried out during the half year.

The Glyns Lydenburg project is a tailings dam situated in the Sabie area and has a proven Reserve of 1,211,000 tonnes at a grade of 0.80 g/t. The area is also covered by an approved mining right and water user licence. A detailed study has been completed on the reserve and the expectation is to mine 100,000 tonnes per month via truck and shovel and move the material to the proposed heap leach pad roughly 4 km away. The mine expects to produce around 23,500 ounces over the 12 month life of the project.

### Exploration

In July 2013 Stonewall announced the discovery of the Pre-Mined Reef Residue exploration target. This material is the residual rock from historical underground mining (stopping) 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 half year no further exploration activities have been undertaken. As per the ASX announcement of 1 December 2015, Stonewall Resources entered into a conditional agreement with East China Mineral Exploration and Development Bureau (ECE.) Representatives of the company visited the tenements in December 2015 to complete a due diligence with a view to investing into the company. ECE confirmed that there is significant exploration upside potential on the TGME and Sabie assets and intend to proceed to partner Stonewall in future exploration activities in the Sabie section as well as invest A\$3 to A\$4 million commencing March 2016.

### Bosveld Mines – South Africa

In December 2015 a 3-year lease agreement was signed with a local miner for the use of the Klipwal Plant, administration and residential infrastructure to treat third party owned gold sources. All costs associated with maintaining this asset during the lease period will be for the account of the lessee, and Stonewall Mining, through its various subsidiaries, will receive a 5% gross royalty on gold sales as well as revenue for other support services to be provided.

No mineral resources have been declared for this project and whilst there is excellent prospectively and a good infrastructure, a Competent Persons Report will be a pre-requisite to recommissioning the mine.

### Lucky Draw- Australian Projects

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.

## Directors Report

Following extensive exploration to define the resource for successful extraction, the Consolidated Entity entered into a 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.

No further work took place during the reporting period.

### COMBINED MINERAL RESOURCES – SOUTH AFRICA

As announced to the market on 29 January 2015, the table below illustrates the updated combined Mineral Resource:

#### The combined mineral resources for Stonewall as at November 2014

Mineral Resource Category	Type of Operation	Tonnage	Gold Grade	Gold Content		Change in Tonnage	Change in Gold Content (Moz)
		Mt	g/t	Kg	'000 oz.	%	%
Measured	UG	0.170	4.77	811	26.1	0.00	0.00
	Surface	0.151	1.59	240	7.7	0	0
	Tailings	2.294	0.77	1,770	56.9	0	0
<b>Total Measured</b>		<b>2.615</b>	<b>1.08</b>	<b>2,821</b>	<b>90.7</b>	<b>0.00</b>	<b>0.00</b>
Indicated	UG	2.903	5.82	16,902	543.3	5.37	4.44
	Surface	3.173	0.88	2,811	90.4	0	0
	Tailings	0.012	0.58	7	0.2	0	0
<b>Total Indicated</b>		<b>6.088</b>	<b>3.2</b>	<b>19720</b>	<b>633.9</b>	<b>2.49</b>	<b>3.78</b>
Inferred	UG	16.151	3.90	63,028	2,026.5	10.23	7.78
	Surface	0.801	0.8	642	20.7	0	0
	Tailings	2.124	3.06	6,503	209.0	-0.21	-0.22
	Rock Dump	0.121	1.59	192	6.2	0	0
	Plant Floats	0.041	0.54	22	0.7	0	0
	Beta Main	0.109	0.81	88	2.8	-29.45	-29.27
<b>Total Inferred</b>		<b>19.346</b>	<b>3.64</b>	<b>70,475</b>	<b>2,266.0</b>	<b>8.10</b>	<b>6.82</b>
<b>Grand Total</b>		<b>28.049</b>	<b>3.32</b>	<b>93,016</b>	<b>2,990.6</b>	<b>6.04</b>	<b>5.94</b>

### Competent Persons Statement

The information in this Half Year Report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled by Daniel van Heerden, who is currently employed as a Director and as Principal Mining Engineer by Minxcon Projects (Pty) Ltd. His qualifications include a B.Eng. (Mining) from the University of Pretoria in 1985 and a M.Com.(Business Administration) from Rand Afrikaans University (now UJ) in 1993. He is a member in good standing of the Engineering Council of South Africa and is registered as a Professional Engineer with registration no. 20050318 as well as a Fellow in good standing of the South African Institute of Mining and Metallurgy with Membership No. 37309 which is a Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the ASX from time to time. He has worked as a Mining Engineer for more than 28 years with more than 15 years directly associated

## Directors Report

with gold mining specifically. Daniel van Heerden is employed by Minxcon and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Daniel van Heerden consents to the inclusion in this Half Year Report of the matters based on his information in the form and context in which it appears.

### Industrial Relations

The Consolidated Entity's main priority is to maintain good relationships with employees and the labour unions. The Consolidated Entity is strongly involved with improving life in communities around its mines. Thus, it has invested in education, training and health services for local workers and it interacts with regional union officials on a regular basis.

During the period, there has been a strong focus on community involvement and alignment, with the Consolidated Entity committed to recruiting employees from the community when possible.

As a result, the Consolidated Entity continues to foster good relations with all stakeholders.

As reported previously, in May of 2015 a large number of the then workforce at TGME embarked an illegal strike and as a result 178 workers were dismissed.

In late January 2016 one of the then unions, AMCU, served the company with a notice of unfair dismissal to be heard in the labour court of South Africa. The company believes that the claim is without foundation and that due process has not been followed and has responded to the labour court as such. The company intends to mount a legal defence to this claim and will also be seeking costs.

### SUBSEQUENT EVENTS

#### Issue of Options:

On 4 January 2016, Stonewall Resources Ltd issued 10,000,000 unlisted options over ordinary fully paid shares to Beatle Rock Pty Ltd at an exercise price of \$0.15 each expiring on 4 January 2019. The options were issued in respect to the re-negotiation of repayment terms of the loan between Stonewall Resources Ltd and Beatle Rock Pty Ltd entered on 28 February 2015.

#### Secured Loan:

On 28 January 2016, Stonewall Mining Pty Ltd entered into a Secured Loan with Blonde Mile International Ltd, a Company registered in the British Virgin Isles for \$500,000. The key terms of the Secured Loan are as follows:

- Principal: AUD 500,000
- Term: 3 months from date of principal drawdown
- Interest Rate: 2% simple interest per month
- Security: Blonde Mile International Ltd as lender has taken a charge over Stonewall Mining Pty Ltd's entire equity holding in Bosveld Mines (Pty) Ltd.
- Incentive Call Options: Blonde Mile International Ltd as lender is to be issued 20,000,000 unlisted options over ordinary fully paid shares in Stonewall Resources Ltd with an exercise price of AUD 0.015 each expiring 3 years from the date of issue. As at the date of this report, these options have not been issued.

## Directors Report

### Share Purchase Plan:

On 5 February 2016, Stonewall Resources Ltd offered shareholders the opportunity to participate in a Share Purchase Plan (SPP) under which each shareholder with a registered address in either Australia or New Zealand was able to purchase a parcel of shares at AUD 0.01 per share in either AUD 3,000, AUD 7,500 or AUD 15,000 parcels. The SPP closed on 23 February 2016 with acceptances received totalling AUD 276,000. The issue of shares pursuant to the SPP was completed on 2 March 2016 whereby 27,600,000 ordinary fully paid shares were issued.

Additionally, Stonewall Resources Ltd has received commitments for further funding totalling AUD 60,000 from shareholders who were unable to participate in the SPP and will place a further 6,000,000 shares on the same terms as offered under the SPP using Stonewall Resources Ltd's 15% placement capacity in accordance with ASX Listing Rule 7.1 to these shareholders. As of the date of this report, AUD 50,000 of the AUD 60,000 had been received.

### General Meeting of Shareholders:

On 23 February 2016, Stonewall Resources Ltd held a General Meeting of shareholders at which shareholders:

1. Approved the issue of 121,052,632 fully paid ordinary shares at AUD 0.0095 per share. Proceeds for these shares were received in December 2015 (refer note 8) and the issue of the shares will be made prior to 23 March 2016.
2. Ratified the issue of 10,000,000 unlisted options over ordinary fully paid shares to Beatle Rock Pty Ltd. (refer above)
3. Ratified the issue of 155,555,556 ordinary fully paid shares to Best Wealth Winner Ltd at an issue price of AUD 0.009 per share. These shares were issued on 18 November 2015. (Refer Note 8)

### Collateralisation Notice and Convertible Note Repayment:

In January 2016, Stonewall Resources Ltd received a collateralisation notice from Australian Special Opportunity Fund (ASOF) in accordance with the terms of the Convertible Security Agreement entered with ASOF on 29 January 2015 (refer note 7). Under the terms of the notice, ASOF elected to pay AUD 0.007 per share (AUD 9,450) for the 1,350,000 Collateral Shares issued to them in January 2015 pursuant to the terms of the agreement. On 29 January 2016, the Consolidated Entity made the final repayment under the terms of the Agreement which fully extinguished this liability. The final repayment made was AUD 110,450 being the balance of the Convertible Note outstanding, inclusive of Floor Price Premium (AUD 120,000) less the amount receivable from ASOF in respect to the Collateralisation Shares pursuant to the Collateralisation Notice (AUD 9,450).

### Arbitration Tribunal Hearing:

As previously announced to the ASX, the tribunal hearing in respect to the Arbitration between Stonewall Resources Ltd and Shandong Qixing Iron Tower Co. Ltd is to be held from 11 March 2016 to 14 March 2016 in Hong Kong.

As of the date of this report, no rulings from the Arbitration Tribunal have been made.



## Directors Report

### Auditor's Independence Declaration

The auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 10 for the half-year ended 31 December 2015.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Trevor Fourie', is written over a faint, large watermark that says 'For personal use only'.

**Trevor Fourie**

**Director**  
**Melbourne, 15 March 2016**

Board of Directors  
Stonewall Resources Limited  
Level 7, 420 King William Street  
Adelaide SA 5000

15 March 2016

Dear Board Members

**Stonewall Resources Limited**

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

As lead audit partner for the review of the financial statements of Stonewall Resources Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Ryan Hansen  
Partner  
Chartered Accountant

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**Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income  
for the half-year ended 31 December 2015**

	Notes	31 December 2015 USD	31 December 2014 USD
<b>Continuing operations</b>			
Revenue		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Interest income		21,313	58,738
Foreign exchange translation gains		-	328,582
Other income		30,315	94,276
(Loss) / Gain on financial liabilities		(160,952)	1,609,008
Gain / (Loss) on re-measurement of assets		16,435	(268,748)
Finance costs		(522,491)	(518,520)
Management fees paid		(110,550)	(143,143)
Impairment of assets	4	-	(2,158,702)
Operating expenses	2	(2,270,900)	(4,405,328)
<b>Loss before income tax expense</b>		<b>(2,996,830)</b>	<b>(5,403,837)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(2,996,830)</b>	<b>(5,403,837)</b>
<b>Other comprehensive income, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translating foreign operations		(1,330,954)	(563,093)
<b>Other comprehensive income for the period, net of income tax</b>		<b>(1,330,954)</b>	<b>(563,093)</b>
<b>Total comprehensive loss for the period</b>		<b>(4,327,784)</b>	<b>(5,966,930)</b>
Loss attributable to:			
Equity holders of the parent		(2,909,864)	(4,607,587)
Non-controlling interest		(86,966)	(796,250)
		<b>(2,996,830)</b>	<b>(5,403,837)</b>
Total comprehensive loss attributable to:			
Equity holders of the parent		(4,240,818)	(5,170,680)
Non-controlling interest		(86,966)	(796,250)
		<b>(4,327,784)</b>	<b>(5,966,930)</b>
<b>Earnings per share</b>			
From continuing operations			
Basic (cents per share)		(0.27)	(1.05)
Diluted (cents per share)		(0.27)	(1.05)

Notes to the condensed consolidated financial statements are included on pages 15 to 27.

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2015**

	Notes	31 December 2015 USD	30 June 2015 USD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	156,583	162,240
Trade and other receivables		168,483	107,683
Inventories		161,437	212,541
Other financial assets		16,648	17,284
Loan		-	8,785
<b>TOTAL CURRENT ASSETS</b>		<b>503,151</b>	<b>508,533</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment		1,027,698	1,871,602
Investment property		64,860	81,340
Other assets		14,575	15,392
Loan		-	24,971
Mining rights and mining development		7,595,862	9,133,669
Capitalised exploration expenditure		1,196,601	1,500,560
Rehabilitation investment funds		1,178,701	1,412,957
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,078,297</b>	<b>14,040,491</b>
<b>TOTAL ASSETS</b>		<b>11,581,448</b>	<b>14,549,024</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,536,908	4,524,914
Other financial liabilities		107,939	133,495
Loan from director		-	5,775
Employee benefits		86,523	118,756
Borrowings	7	5,550,936	3,814,466
Bank overdraft	9	222,600	277,939
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,504,906</b>	<b>8,875,345</b>
<b>NON-CURRENT LIABILITIES</b>			
Environmental rehabilitation provision		1,660,286	1,954,763
Other financial liabilities		251,592	336,906
Borrowings	7	63,442	3,851,781
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,975,320</b>	<b>6,143,450</b>
<b>TOTAL LIABILITIES</b>		<b>10,480,226</b>	<b>15,018,795</b>
<b>NET ASSETS</b>		<b>1,101,222</b>	<b>(469,771)</b>
<b>EQUITY</b>			
Issued Capital	8	56,402,007	51,498,339
Reserves	10	5,637,100	5,972,945
Accumulated Losses		(58,137,603)	(55,227,739)
Non-Controlling Interest		(2,800,282)	(2,713,316)
<b>TOTAL EQUITY</b>		<b>1,101,222</b>	<b>(469,771)</b>

Notes to the condensed consolidated financial statements are included on pages 15 to 27.

**Condensed Consolidated Statement of Changes in Equity  
for the half year ended 31 December 2015**

	Issued Capital	Equity Reserve	Asset Revaluation Reserve	Option Premium on Convertible Notes	Option Reserve	Foreign Exchange Reserve	Accumulated Losses	Attributable to Owners of the Parent	Non- controlling Interest	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
<b>Balance 1 July 2014</b>	<b>49,065,013</b>	<b>10,218,089</b>	<b>30,302</b>	<b>161,709</b>	<b>92,000</b>	<b>(3,996,108)</b>	<b>(45,976,713)</b>	<b>9,594,292</b>	<b>(1,810,095)</b>	<b>7,784,197</b>
Loss for the period	-	-	-	-	-	-	(4,607,587)	(4,607,587)	(796,250)	(5,403,837)
Other comprehensive Income for the period, net of income tax	-	-	-	-	-	(563,093)	-	(563,093)	-	(563,093)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(563,093)</b>	<b>(4,607,587)</b>	<b>(5,170,680)</b>	<b>(796,250)</b>	<b>(5,966,930)</b>
Issue of shares	1,577,294	-	-	-	-	-	-	1,577,294	-	1,577,294
Cost of share issues	(78,559)	-	-	-	-	-	-	(78,559)	-	(78,559)
<b>Balance at 31 December 2014</b>	<b>50,563,748</b>	<b>10,218,089</b>	<b>30,302</b>	<b>161,709</b>	<b>92,000</b>	<b>(4,559,201)</b>	<b>(50,584,300)</b>	<b>5,922,347</b>	<b>(2,606,345)</b>	<b>3,316,002</b>
<b>Balance 1 July 2015</b>	<b>51,498,339</b>	<b>10,346,395</b>	<b>30,302</b>	<b>192,217</b>	<b>92,000</b>	<b>(4,687,969)</b>	<b>(55,227,739)</b>	<b>2,243,545</b>	<b>(2,713,316)</b>	<b>(469,771)</b>
Loss for the period	-	-	-	-	-	-	(2,909,864)	(2,909,864)	(86,966)	(2,996,830)
Other comprehensive Income for the period, net of income tax	-	-	-	-	-	(1,330,954)	-	(1,330,954)	-	(1,330,954)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,330,954)</b>	<b>(2,909,864)</b>	<b>(4,240,818)</b>	<b>(86,966)</b>	<b>(4,327,784)</b>
Issue of shares	5,217,744	-	-	-	-	-	-	5,217,744	-	5,217,744
Cost of share issues	(314,076)	-	-	-	-	-	-	(314,076)	-	(314,076)
Issue of options	-	-	-	-	170,404	-	-	170,404	-	170,404
Issue of convertible notes	-	-	-	5,490	-	-	-	5,490	-	5,490
Placement advances classified as equity	-	819,215	-	-	-	-	-	819,215	-	819,215
<b>Balance at 31 December 2015</b>	<b>56,402,007</b>	<b>11,165,610</b>	<b>30,302</b>	<b>197,707</b>	<b>262,404</b>	<b>(6,018,923)</b>	<b>(58,137,603)</b>	<b>3,901,504</b>	<b>(2,800,282)</b>	<b>1,101,222</b>

Notes to the condensed consolidated financial statements are included on pages 15 to 27.

**Condensed Consolidated Statement of Cash Flows  
for the half year ended 31 December 2015**

	Notes	31 December 2015 USD	31 December 2014 USD
<b>Cash flows from operating activities</b>			
Receipts from customers		-	143,416
Payments to suppliers and employees		(3,543,647)	(4,322,692)
Interest received		309	18,703
Interest paid		(131,719)	(192,177)
<b>Net cash (outflow) from operating activities</b>		<b>(3,675,057)</b>	<b>(4,352,750)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		32,428	9,009
Proceeds from disposal of other non-current assets		-	9,282
Net movement in rehabilitation investment		(21,668)	(109,473)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>10,760</b>	<b>(91,182)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities		5,529,420	1,577,294
Payment of share issue costs		(287,574)	(78,559)
Proceeds from borrowings and convertible debts		180,700	28,847
Repayment of borrowings and convertible debts		(1,766,427)	-
(Decrease) / Increase in finance lease obligation		33,312	(20,111)
(Repayment) / Proceeds from director's loan		(5,233)	7,644
<b>Net cash inflow from financing activities</b>		<b>3,684,198</b>	<b>1,515,115</b>
<b>Net increase in cash and cash equivalents</b>		<b>19,901</b>	<b>(2,928,817)</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>(115,699)</b>	<b>2,989,283</b>
<b>Exchange rate adjustments</b>		<b>29,781</b>	<b>(163,422)</b>
<b>Cash at the end of the period</b>	9	<b>(66,017)</b>	<b>(102,956)</b>

Notes to the condensed consolidated financial statements are included on pages 15 to 27.

## Notes to the Financial Statements for the half year ended 31 December 2015

### Note 1: Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

It is recommended that the half-year financial report be considered together with any public announcements made by the Consolidated Entity during the half year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

### Going Concern

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

As disclosed in the financial statements, for the half year ended 31 December 2015, the Consolidated Entity has incurred a loss of USD 2,996,830, had net cash outflows from operating activities of USD 3,675,057 and as at that date had a net cash deficit of USD 66,017 and was in a net current liability position of USD 8,001,755.

These factors indicate material uncertainty as to whether the Consolidated Entity will 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.

Subsequent to 31 December 2015, as detailed in the subsequent event note at note 11, the following events occurred:

- On 28 January 2016, the Consolidated Entity secured additional debt funding for working capital of AUD 500,000 (USD 364,375) at 2% simple interest per month, subject to the issue of 20,000,000 call options with an exercise price of AUD 0.015 per share expiring 3 years from date of issue.
- During February 2016, the Consolidated Entity secured additional equity funding of AUD 326,000 (USD 237,573) from its existing shareholders through a share purchase plan.
- At the date of this report, the Directors have considered the above factors and believe that the Consolidated Entity will be able to continue as a going concern, and will be able to pay its debts as and when they fall due, based on forecasted cash flows through to July 2017.

The Directors opinion on the forecasted cash flows is underpinned by the following key assumptions:

- The Consolidated Entity is able to raise at a minimum a further USD 6,324,720 of debt or equity funding to finance operations and repay existing debt in the next 12 months. Based on the timing of forecast operating, investing and financing cash flows, the Consolidated Entity will be required to source additional funding, net of costs, as follows:
  - USD 2,674,720 in March 2016;
  - USD 2,190,000 in September 2016;
  - USD 1,460,000 in May 2017

To assist with raising the minimum funding referred to above, per the ASX announcement released on 1 December 2015, the Consolidated Entity has secured funding from Ao-Zhong, who will invest up to AUD 4,000,000 (USD 2,915,000) via a placement subject to the completion of due diligence and Foreign Investment and Review Board approval.

## Notes to the Financial Statements for the half year ended 31 December 2015

### Note 1: Basis of Preparation (continued)

In the event that the Consolidated Entity is not able to raise the minimum funding referred to above, it will need to renegotiate loans due for repayment as follows:

- The USD 1,020,250 convertible note with USD 242,194 accrued interest from a related party that is due for repayment on 16 June 2016 will be converted to equity on or before its expiry date or extended such that repayment will not be required within the next 12 months and the USD 2,915,000 loan with USD 688,368 accrued interest from a related party that is due for repayment on 16 October 2016 will have its repayment date extended such that repayment will not be required within the next 12 months.
- The Directors have received a letter of support from two major shareholders confirming that in the event no sufficient capital raisings of finance are available to fund the working capital obligations of the Consolidated Entity, the shareholders will commit sufficient funds through either equity or debt arrangements for the Consolidated Entity to meet such obligations.
- The Consolidated Entity will have continued support from creditors with extended payment terms.

The directors are actively seeking finance from several lenders in addition to the borrowings already secured to date. In addition, the directors are actively seeking new equity participants. The Directors may need to hold a general meeting in future periods to approve the issuance of new share capital.

The Consolidated Entity has also served a notice of arbitration on Shandong Qixing Iron Tower Co. Ltd for damages arising from the termination of the Share Sale Agreement for a claim amount not less than USD 110 million, net of legal and professional costs. The Consolidated Entity is actively pursuing this arbitration, with the tribunal hearing date set for 11 to 14 March 2016. Potential proceeds from the arbitration are not included in the forecasted cash flows to July 2017.

Accordingly, the Directors believe that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

In the event that the Consolidated Entity is unsuccessful in the matters set out above, and in particular, that the key assumptions underlying the forecasted cash flows are not achieved, there is material uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

### **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 impact on the financial performance or position of the Consolidated Entity.



**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 2: Expenses**

	<b>31 December 2015 USD</b>	<b>31 December 2014 USD</b>
Operating expenses:		
- Administration expenses	(214,244)	(493,687)
- Consultants expenses and professional costs	(380,608)	(158,679)
- Employee and contractors expenses	(1,142,488)	(777,001)
- Security costs	(368,500)	(331,435)
- Mine operation expenses	(87,260)	(2,283,554)
- Other expenses	(77,800)	(360,972)
	<b>(2,270,900)</b>	<b>(4,405,328)</b>

**Note 3: Dividends**

No dividend has been paid or declared in this financial period or the previous financial period.

**Note 4: Impairment of Assets**

The Consolidated Entity performs an impairment assessment whenever there is an indication of possible impairment.

**TGME and Sabie CGU's**

The recoverable amounts of the TGME and Sabie CGU's were determined based on its Fair Value less Costs of Disposal (FVLCD) as these were higher than their Value In Use (VIU). Accounting standards state that an asset's recoverable amount is the higher of its FVLCD and VIU.

The assessment of FVLCD was performed using an external independent valuation. The valuation was based on the market approach, using a valuation curve constructed from historical transactions in relation to mineral properties of a similar nature, to calculate the value of the CGU's. This methodology is consistent with the approach adopted at 30 June 2015.

The valuation of TGME & Sabie indicated that their FVLCD was in excess of their carrying amount and no further impairment was required.

**Bosveld CGU**

Bosveld is not generating any cash flows because the mine has been under care and maintenance for greater than 12 months. It is not economical to recommence production until significant capital is invested into the underground development, plant and shaft. The operating assets of the Bosveld CGU were impaired in full during the 2015 financial year (USD 2,158,702). As at 31 December 2015 no indications existed that the impairment loss recognised in the prior periods may no longer exist or may have decreased.

**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 5: Operating Segments**

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

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

**(i) Segment performance**

<b>Six months ended 31 December 2015</b>	<b>TGME USD</b>	<b>Bosveld USD</b>	<b>Sabie USD</b>	<b>Total USD</b>
	-	-	-	-
Gold and mining revenue	-	-	-	-
Less: Cost of sales	-	-	-	-
Segment gross profit	-	-	-	-
<i>Reconciliation of segment result to group net loss before tax</i>				
Other income				68,063
Foreign exchange translation gains				-
Loss on financial liabilities				(160,952)
Other expenses				(2,903,941)
<b>Net loss before tax</b>				<b>(2,996,830)</b>

<b>Six months ended 31 December 2014</b>	<b>TGME USD</b>	<b>Bosveld USD</b>	<b>Sabie USD</b>	<b>Total USD</b>
	-	-	-	-
Gold and mining revenue	-	-	-	-
Less: Cost of sales	-	-	-	-
Segment gross profit	-	-	-	-
<i>Reconciliation of segment result to group net loss before tax</i>				
Other income				153,014
Foreign exchange translation gains				328,582
Gain on financial liabilities				1,609,008
Other expenses				(7,494,441)
<b>Net loss before tax</b>				<b>(5,403,837)</b>

**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 5: Operating Segments (continued)**

**(ii) Segment assets**

	<b>31 December 2015 USD</b>	<b>30 June 2015 USD</b>
TGME	10,123,536	12,817,151
Bosveld	118,633	131,283
Sabie	921,821	1,154,865
<b>Total segment assets</b>	<b>11,163,990</b>	<b>14,103,299</b>
Unallocated assets:		
Other assets	417,458	445,725
<b>Total assets</b>	<b>11,581,448</b>	<b>14,549,024</b>

**Note 6: Contingent Liabilities**

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

The employees are claiming 12 months' salary as compensation for their alleged unfair dismissal. Should the worst case scenario take place and each employee get 12 months compensation, the total amount can possibly be an estimated USD 966,609.

**Note 7: Borrowings**

		<b>31 December 2015 USD</b>	<b>30 June 2015 USD</b>
<b>Current</b>			
<b><i>Interest bearing loans from related parties</i></b>			
Loan – International Related Party	(a)	3,603,368	-
Loan – Beatle Rock Pty Ltd	(b)	510,224	423,721
Loan – Hanhong New Energy Holdings Ltd	(c)	-	539,186

**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 7: Borrowings (continued)**

		31 December 2015 USD	30 June 2015 USD
<b>Current (continued)</b>			
<b>Convertible Notes</b>			
<b>Interest bearing at amortised cost</b>			
MMCAP International INC S.P	(d)	-	469,296
<b>Interest bearing at amortised cost from related parties</b>			
Tasman Funds Management Ltd	(e)	1,262,444	1,046,566
<b>Non-interest bearing at fair value through profit or loss</b>			
SBI Investments (PR) LLC and The Australian Special Opportunity Fund, LP	(f)	174,900	1,335,697
		5,550,936	3,814,466
		<b>31 December 2015 USD</b>	<b>30 June 2015 USD</b>
<b>Non – Current</b>			
<b>Interest bearing loans from related parties</b>			
Loan – International Related Party	(a)	-	3,601,393
Loan – Beatle Rock Pty Ltd	(b)	63,442	250,388
		63,442	3,851,781
		<b>5,614,378</b>	<b>7,666,247</b>

- a)** On 19 September 2013, Stonewall Resources Limited entered into an unsecured loan agreement with an international related party of a major shareholder, whereby, the entity will lend Stonewall up to AUD5,000,000 (USD3,643,750 repayable within 2 years. On 15 January 2015, the loan agreement was varied to extend the repayment date to 16 October 2016.

Interest accrues on the loan on a daily basis at 10% per annum with interest accrued to 31 December 2015 totalling USD688,368.

- (b)** On 24 February 2015, Stonewall Resources Limited entered into an unsecured loan agreement with Beatle Rock (Pty) Ltd (Beatle), a related party, whereby, Beatle lent Stonewall AUD 1,000,000 (USD 728,750). Interest accrues on the loan on a monthly basis using the USD LIBOR rate published on the business day immediately preceding the date on which interest for the relevant period accrues. The average monthly USD Libor rate during the period since the loan was advanced was 0.22%.

## Notes to the Financial Statements for the half year ended 31 December 2015

### Note 7: Borrowings (continued)

In December 2015, following negotiations between Stonewall Resources Limited and Beatle, a waiver notice was issued by Beatle, the effect of which resulted in a restructure to the repayment terms. In consideration for the restructured repayment terms, Beatle was to be issued 10,000,000 unlisted options over ordinary fully paid shares in Stonewall Resources Limited. These options were issued in January 2016. Refer to Note 11– Subsequent Events for further details.

As at 31 December 2015, AUD150,000 (USD109,313) has been repaid. The remaining principal of AUD850,000 (USD619,438) is due in quarterly instalments from 28 February 2016 of the higher of AUD 150,000 or 10% of gold revenue generated by the Group in the preceding quarter.

- (c) On 12 June 2015, Stonewall entered into an unsecured short-term working capital facility of up to AUD 1,200,000 (USD 926,268) with Hanhong New Energy Holdings Limited (Hanhong), a related party due to common directors.

On 2 July 2015, the working capital facility was varied such that repayment of the facility would be made through an issue of shares to Hanhong at a price of AUD 0.009 per share. On 20 July 2015, the balance of the working capital facility was drawn down being AUD 500,000 (USD 385,945). On 19 August 2015, the working capital facility was fully discharged through the issue of 133,333,333 shares.

- (d) On 19 August 2015, the remaining AUD 500,000 (USD 469,296) was repaid plus interest of AUD 119,361 (USD 111,973) in respect to the Convertible Note issued to MMCAP International INC S.P.

- (e) On 17 June 2015, Stonewall Resources Limited entered into a Convertible Note agreement with Tasman Funds Management Ltd (Tasman), a related party due to having a common director, for AUD 1,400,000 (USD 1,020,250) with a 1 year maturity convertible to ordinary shares in Stonewall Resources Limited at AUD 0.009 per share. The Company may elect to redeem the convertible note after the completion of future proposed funding initiatives and If the investor does not elect to convert the convertible note, the Company must repay the Convertible Note proceeds, along with accrued interest of 12% per annum (if applicable).

On 2 July 2015 the agreement was varied to increase the convertible note to AUD 1,650,000 (USD 1,202,438) with all other terms remaining the same. The additional funds were received in July 2015.

- (f) On 29 January 2015 Stonewall Resources Limited entered into a new funding arrangement supported by SBI Investments (PR) LLC and The Australian Special Opportunity Fund (SBI and Aus Spec), two US-based institutional investment groups. The initial drawdown was in the form of convertible securities, the key terms of which were as follows:

- Initial drawdown of AUD 1,500,000 (USD 1,148,310) in exchange for the issue of unsecured convertible securities with a face value of AUD 1,800,000 (USD 1,311,750).
- The Convertible securities have a 12 month maturity, convertible at 85% of an average price calculation at the time of conversion. The note holder may elect to convert at any time within the maturity period.

**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 7: Borrowings (continued)**

- A Floor price protection mechanism exists such that the Consolidated Entity may elect to issue a Floor Price Notice to settle a conversion in cash where the Consolidated Entity's share price is less than AUD 0.07. Upon the issue of a Floor Price Notice by the Consolidated Entity, the conversion notice must be settled in cash at a 20% premium to face value within 90 days.

During the reporting period, the face value of the notes was reduced by AUD 1,400,000 (USD 1,020,250) through issue of floor price notices resulting in total cash repayments being made of AUD 1,680,000 (USD 1,224,300).

As at 31 December 2015, the face value outstanding was AUD 200,000 (USD 145,750). Floor price notices have been issued in respect to the conversion of the remaining face value with the total balance outstanding, inclusive of the floor price premium, totalling AUD 240,000 (USD 174,900). Subsequent to half year end, AUD 120,000 has been repaid, refer to Note 11 – Subsequent Events.

The instrument has been designated at fair value through profit or loss.

**Note 8: Issued Capital**

(a) Movements in share capital during the six months to 31 December 2015 were as follows:

		<b>Fully Paid Ordinary Shares</b>	<b>USD</b>
<b>1 July 2015</b>	<b>Opening Balance</b>	<b>639,952,950</b>	<b>51,498,339</b>
14 August 2015	Issue of shares (Refer (i) below)	79,520,240	47,340
19 August 2015	Issue of shares	144,444,444	955,680
17 September 2015	Issue of shares	450,000,000	2,899,560
2 November 2015	Issue of shares	50,000,000	321,179
18 November 2015	Issue of shares	155,555,556	993,985
	Less: Share issue costs		(314,076)
<b>31 December 2015</b>	<b>Closing Balance</b>	<b>1,519,473,190</b>	<b>56,402,007</b>

- (i) Stonewall Resources Limited purchased its majority shareholding in Stonewall Mining Pty Ltd pursuant to a share sale agreement dated 6 July 2012 (Share Sale Agreement), which completed in November 2012.

Stonewall Resources Limited and the South African resident vendors of Stonewall Mining Pty Ltd also entered into a put and call option agreement dated 28 June 2012 (Option Agreement) under which Stonewall Resources Limited agreed to purchase the remaining shares in Stonewall Mining Pty Ltd from the South African resident vendors.

**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 8: Issued Capital (continued)**

Stonewall Resources Limited purchased the remaining shares in Stonewall Mining Pty Ltd from the South African resident vendors on 14 August 2015 by issuing 79,520,240 shares in Stonewall Resources Limited. Due to significant changes in market conditions, the Deferred Consideration Options were revalued at 14 August 2015 using prevailing share prices. The result of the re-measurement revalued the Deferred Consideration at USD 47,340 with a corresponding gain on remeasurement of deferred consideration payable recorded in Profit or Loss of USD 17,284.

(b) Movements in share capital of during the six months to 31 December 2014 were as follows:

		<b>Fully Paid Ordinary Shares</b>	<b>USD</b>
<b>1 July 2014</b>	<b>Opening Balance</b>	<b>509,196,673</b>	<b>49,065,013</b>
26 September 2014	Issue of shares	10,004,328	1,577,294
	Less: Share issue costs	-	(78,559)
<b>31 December 2014</b>	<b>Closing Balance</b>	<b>519,201,001</b>	<b>50,563,748</b>

(c) Movements in options issued of during the six months to 31 December 2015 were as follows:

		<b>Options</b>
<b>1 July 2015</b>	<b>Opening Balance</b>	<b>20,782,011</b>
21 October 2015	Issue of options (Refer (i) below)	27,272,728
2 November 2015	Issue of options	3,000,000
27 November 2015	Lapse / expiration of options	(14,782,011)
<b>31 December 2015</b>	<b>Closing Balance</b>	<b>36,272,728</b>

- (i) On 21 October 2015, Stonewall Resources Ltd issued 27,272,728 unlisted options to SBI Investments (PR) LLC and The Australian Special Opportunity Fund (SBI and Aus Spec) at an exercise price of AUD 0.11 with a 3 year expiry. The options were issued in consideration of an agreement with SBI and Aus Spec to restructure the repayment terms of the convertible security agreements between the Consolidated Entity and SBI and Aus Spec. Refer to Note 7 – Borrowings for further details on the convertible security agreements.

As at 31 December 2015, the Consolidated Entity had 36,272,728 share options on issue (30 June 2015: 20,782,011), exercisable on a 1:1 basis for 36,272,728 ordinary shares of the Consolidated Entity (30 June 2015: 20,782,011) at exercises prices and expiry dates listed below:

**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 8: Issued Capital (continued)**

Description	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Granted 21/10/2015	27,272,728	21/10/2015	21/10/2018	AUD 0.011	AUD 0.00711
Granted 02/11/2015	3,000,000	02/11/2015	02/11/2017	AUD 0.0165	AUD 0.01378

The fair values of the options were measured at the fair value of the services received, except where the fair value of the services could not be estimated reliably. Where the fair value of the services could not be estimated reliably the options have been priced using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability. Expected volatility is based on the historical share price volatility over the past year. The following inputs were used when calculating the fair value of options at grant date.

Inputs to the model	Options granted 21 October 2015	Options granted 2 November 2015
Number granted	27,272,728	3,000,000
Grant date	21 October 2015	2 November 2015
Exercise price	AUD 0.011	AUD 0.0165
Expected volatility	190%	n/a
Option life	3 year	2 year
Risk-free interest rate	3.25%	n/a

These options carry no rights to dividends and no voting rights.

The remaining 6,000,000 options allow the investors to purchase Stonewall Resources Limited shares at 120% of the Volume Weighted Average Price during the previous 20 trading days and these options lapse 36 months after date of issue.

Description	Number	Grant date	Expiry date	Exercise price
Granted 04/03/2015	6,000,000	04/03/2015	28/02/2018	Variable

The fair value of these options are revalued at each reporting date and these options carry no rights to dividends and no voting rights.

(d) Options on issue at 31 December 2014 totalled 14,782,011. There was no movement in options in the Consolidated Entity in the preceding half year.



**Notes to the Financial Statements  
for the half year ended 31 December 2015**

**Note 9: Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	<b>31 December 2015 USD</b>	<b>30 June 2015 USD</b>
Cash at bank balances	156,583	162,240
Bank overdraft	(222,600)	(277,939)
<b>Cash at the end of the period</b>	<b>(66,017)</b>	<b>(115,699)</b>

**Note 10: Reserves**

		<b>31 December 2015 USD</b>	<b>30 June 2015 USD</b>
Equity reserve	<b>(a)</b>	11,165,610	10,346,395
Asset revaluation Reserve		30,302	30,302
Option premium on convertible notes		197,707	192,217
Option reserve	<b>(b)</b>	262,404	92,000
Foreign exchange reserve		(6,018,923)	(4,687,969)
		<b>5,637,100</b>	<b>5,972,945</b>

**(a) Equity reserve**

In December 2015 AUD 1,150,000 (USD 819,215) was received in relation to shares that were not yet issued at 31 December 2015. At a General Meeting held on 23 February 2016, approval was obtained to issue these shares. Refer Note 11 for further details.

**(b) Option reserve**

Refer Note 8 for details of options issued during the half year.

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## Notes to the Financial Statements for the half year ended 31 December 2015

### Note 11: Subsequent Events

#### Issue of Options:

On 4 January 2016, Stonewall Resources Ltd issued 10,000,000 unlisted options over ordinary fully paid shares to Beatle Rock Pty Ltd at an exercise price of AUD 0.015 each expiring on 4 January 2019. The options were issued in respect to the re-negotiation of repayment terms of the loan between Stonewall Resources Ltd and Beatle Rock Pty Ltd entered on 28 February 2015.

#### Secured Loan:

On 28 January 2016, Stonewall Mining Pty Ltd entered into a Secured Loan with Blonde Mile International Ltd, a Company registered in the British Virgin Isles for AUD500,000 (USD 364,375). The key terms of the Secured Loan are as follows:

- Principal: AUD 500,000 (USD364,375)
- Term: 3 months from date of principal drawdown
- Interest Rate: 2% simple interest per month
- Security: Blonde Mile International Ltd as lender has taken a charge over Stonewall Mining Pty Ltd's entire equity holding in Bosveld Mines (Pty) Ltd.
- Incentive Call Options: Blonde Mile International Ltd as lender is to be issued 20,000,000 unlisted options over ordinary fully paid shares in Stonewall Resources Ltd with an exercise price of AUD 0.015 each expiring 3 years from the date of issue. As at the date of this report, these options have not been issued.

#### Share Purchase Plan:

On 5 February 2016, Stonewall Resources Ltd offered shareholders the opportunity to participate in a Share Purchase Plan (SPP) under which each shareholder with a registered address in either Australia or New Zealand was able to purchase a parcel of shares at AUD 0.01 per share in either AUD 3,000, AUD 7,500 or AUD 15,000 parcels. The SPP closed on 23 February 2016 with acceptances received totalling AUD 276,000 (USD201,135). The issue of shares pursuant to the SPP was completed on 2 March 2016 whereby 27,600,000 ordinary fully paid shares were issued.

Additionally, Stonewall Resources Ltd has received commitments for further funding totalling AUD 60,000 from shareholders who were unable to participate in the SPP and will place a further 6,000,000 shares on the same terms as offered under the SPP using Stonewall Resources Ltd's 15% placement capacity in accordance with ASX Listing Rule 7.1 to these shareholders. As of the date of this report, AUD 50,000 (USD36,438) of the AUD 60,000 (USD43,725) had been received.

## Notes to the Financial Statements for the half year ended 31 December 2015

### Note 11: Subsequent Events (continued)

#### General Meeting of Shareholders:

On 23 February 2016, Stonewall Resources Ltd held a General Meeting of shareholders at which shareholders:

1. Approved the issue of 121,052,632 fully paid ordinary shares at AUD 0.0095 per share. Proceeds for these shares were received in December 2015 (refer note 10) and the issue of the shares will be made prior to 23 March 2016.
2. Ratified the issue of 10,000,000 unlisted options over ordinary fully paid shares to Beatle Rock Pty Ltd. (refer above)
3. Ratified the issue of 155,555,556 ordinary fully paid shares to Best Wealth Winner Ltd at an issue price of AUD 0.009 per share. These shares were issued on 18 November 2015. (Refer Note 8)

#### Collateralisation Notice and Convertible Note Repayment:

In January 2016, Stonewall Resources Ltd received a collateralisation notice from Australian Special Opportunity Fund (Aus Spec) in accordance with the terms of the Convertible Security Agreement entered with ASOF on 29 January 2015 (refer note 7). Under the terms of the notice, Aus Spec elected to pay AUD 0.007 per share (AUD9,450 or USD6,887) for the 1,350,000 Collateral Shares issued to them in January 2015 pursuant to the terms of the agreement. On 29 January 2016, the Consolidated Entity made the final repayment under the terms of the Agreement which fully extinguished this liability. The final repayment made was AUD110,450(USD 80,490)being the balance of the Convertible Note outstanding, inclusive of Floor Price Premium (AUD 120,000 or USD87,450) less the amount receivable from Aus Spec in respect to the Collateralisation Shares pursuant to the Collateralisation Notice (AUD 9,450 or USD6,887).

#### Arbitration Tribunal Hearing:

As previously announced to the ASX, the tribunal hearing in respect to the Arbitration between Stonewall Resources Ltd and Shandong Qixing Iron Tower Co. Ltd is to be held from 11 March 2016 to 14 March 2016 in Hong Kong.

As of the date of this report, no rulings from the Arbitration Tribunal have been made.

## Directors' Declaration

The directors declare that:

1. the financial statements and notes, as set out on pages 11 to 27, are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standard AASB 134; Interim Financial Reporting and
  - b. give a true and fair view of the financial position as at 31 December 2015 and of the performance for the half year ended on that date of the Consolidated Entity;
2. in the directors' opinion there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



**Trevor Fourie**  
**Director**

**Melbourne, 15 March 2016**

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## **Independent Auditor's Review Report to the members of Stonewall Resources Limited**

We have reviewed the accompanying half-year financial report of Stonewall Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 28.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

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

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

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## *Auditor's Independence Declaration*

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

## *Conclusion*

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

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

## *Emphasis of matter*

Without modifying our conclusion, we draw attention to Note 1 'Going Concern' in the half-year financial report, which indicates that for the half year ended 31 December 2015 the Consolidated Entity incurred a net loss of USD 2,996,830, had net cash outflows from operating activities of USD 3,543,647 and as at that date, had a cash deficit of USD 66,017 and was in a net current liability position of USD 8,001,755. These conditions, along with other matters as set forth in Note 1 'Going Concern', indicate the existence of a material uncertainty which may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ryan Hansen  
Partner  
Chartered Accountants  
Melbourne, 15 March 2016