Stonewall Resources Limited

ACN 131 758 177

Interim Financial Report

for the Half Year Ended 31 December 2014

Corporate Directory

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Mr Trevor Fourie
Mr Nathan Taylor
Mr Yang Liu
Dr James Jian Liu

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Directors Report

Your Directors present their report, together with the financial statements of the Stonewall Resources Limited for the half year ending 31 December 2014.

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 D Murray – Non Executive Chairman
Mr N Taylor - Non Executive Director
Mr T Fourie - Non Executive Director
Mr Y Liu - Non Executive Director
Dr J Liu – Non-Executive Director

Results

The Consolidated Entity's result for the half-year ended 31 December 2014 was a loss of USD 5,403,837 (31 December 2013: USD 5,821,377 loss).

Principal Activities

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

Proposed Shandong Transaction

On 21 November 2014, the Consolidated Entity announced the termination of the share sale agreement with Shandong Qixing Iron Tower Co., Limited. Stonewall notified Shandong that it reserved all its rights and was considering all available options including taking legal action against Shandong and its officers.

Review of Operations

During the 6 month period to 31 December 2014, the Consolidated Entity was primarily focused on the development of gold exploration and mining activities in its project areas in South Africa and Australia.

Directors Report

TGME PROJECTS – SOUTH AFRICA

Beta and the Pre-mined residue project

The Beta and Pre-mined residue project is the first major project of the TGME.

Following significant underground discoveries of gold bearing Pre-mined residue at Beta the company commenced with bulk testing and trial mining at the Pre-mined Residue Project.

The pre-mined Residue project is planned through 2015 expansions to provide low cost, high tonnage production with increased production and a major ramp up in June 2015.

This project will serve as a pre-cursor to other Pre-mined Residue projects in the Southern and Northern sections, which is subject to continuing feasibility work

Frankfort and Theta Complex

The Frankfort and Theta Mining complex is one of the areas of gold mineralisation held under the Greater TGME Mining Right of Transvaal Gold Mining Estates (”TGME”), a subsidiary of the Consolidated Entity.

Previously, the company announced that the larger Theta/Frankfort development would be delayed as the proposed Shandong transaction would make large-scale capital available, for the completion and development of the complex, including the B Block and the parallel Theta reef in the Frankfort section

However, given the termination of the Shandong transaction, TGME is focussing on mining the lower cost Pre Mined Residue material from Beta Mine while completing the detailed planning and re-development of the larger Theta/Frankfort complex.

Vaalhoek

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

Geological features (structures), that in other areas host gold mineralisation, have been shown to extend ahead of historic workings and similarities between lithologies intersected at the Beta and Vaalhoek projects could indicate the continuity of potential reef horizons on a regional scale.

SABIE PROJECTS – SOUTH AFRICA

The Sabie Mines Proprietary Limited (“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 1.136 million ounces (316.3 thousand ounces indicated, 818.5 thousand ounces inferred) at a grade of between 3.51 to 7.92 g/t as defined by the JORC Code. The mines are targeted to produce a total of 40,000 tpm per annum once fully operational at an average depth of between 200 meters to 600 meters.

Underground exploration has identified significant tonnages of reef residue in the Nestor mine which is currently in the process of being evaluated.

Directors Report

Rietfontein (and Glynn's Mine)

The Rietfontein Mine has been identified as the first project for Sabie Mines, a subsidiary of the Consolidated Entity. Rietfontein is one of several areas of gold mineralisation held under the approved Rietfontein New Order Mining Right of Sabie Mines. This Mining Right includes the farms, Rietfontein, Waterval, Maliveld Valley and Spitskop.

The Consolidated Entity has successfully completed an initial concept study and had planned to commence with trial mining on a small scale at a rate of 5,000 tpm.This phased approach was to be facilitated by the significant existing infrastructure and mining development which allows trial mining to commence with minimal capital investment.

However, the Consolidated Entity is in the process of evaluating a plan to commence mining at a rate of 20,000 tpm rather than setting up the infrastructure for only 5,000 tpm. This would be subject to further feasibility studies, exploration and detailed planning

BOSVELD MINES – SOUTH AFRICA

The Klipwal Mine is one of the areas of gold mineralisation of Bosveld Mines Proprietary Limited, a subsidiary of the Consolidated Entity, and has considerable exploration potential.

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
Total Measured		**2.615**	**1.08**	**2,821**	**90.7**	0.00	0.00
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
Total Indicated		**6.088**	**3.2**	**19720**	**633.9**	**2.49**	**3.78**
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
Total Inferred		**19.346**	**3.64**	**70,475**	**2,266.0**	**8.10**	**6.82**
Grand Total		**28.049**	**3.32**	**93,016**	**2,990.6**	**6.04**	**5.94**

Directors Report

In accordance with the views expressed by the Competent Person, this increase does not result in a material change in the Company's Mineral Resource.

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 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.

STONEWALL RESOURCES - AUSTRALIAN PROJECTS

Lucky Draw

The tenement is situated near the township of Burraga, 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 venture with Developed Resources Proprietary Limited (Developed) with a focus on recovery of gold from the tailings dam. The venture was renewed during the period 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.

Springfield

Springfield is situated approximately 220km north west of Sydney and lies between the towns of Gulgong and Mudgee. The tenement covers 70 square kilometres and is located in the upper catchment of the historically significant Gulgong alluvial goldfield.

Community Policy/Commitment

Throughout the period, the Consolidated Entity has been committed to taking responsibility for the short and long term, economic, social and environmental implications of its mining activities.

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

The Consolidated Entity is committed to:

- Treating its communities with respect, understanding and dignity as well as recognising them as important stakeholder groups with rights and interests

- Respecting community governance and always engaging in community consultation prior to initiating any significant operations that will have a substantial impact on the region

Directors Report

Community Policy/Commitment (Continued)

- Recognising that local communities should be informed of the potential impacts, risks, and benefits that may result from the Consolidated Entity's operations

- Ensuring that its operations neither harm nor threaten the sustainability of local communities

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.

SUBSEQUENT EVENTS

Funding / Recapitalisation

On 29 January 2015 the Consolidated Entity announced that it has entered into a new funding arrangement supported by two US-based institutional investment groups to provide collective funding of up to AUD 13.5 million (USD 11.1 million) and with an initial drawdown of AUD 1.5 million (USD 1.2 million) (new facilities).

The new arrangements are in the form of unsecured convertible securities and future potential share issuances.
The key terms are as follows:

Unsecured Convertible Notes:

- AUD 1.5 million (USD 1.2 million) unsecured convertible securities (with a face value of AUD 1.8 million, USD 1.5 million) to be provided initially with a 12 month maturity.
- Convertible at 85% of an average price calculation at the time of conversion.
- Floor protection mechanism that allows the Consolidated Entity to not issue the shares under a conversion price lower than a floor price specified by the Consolidated Entity.

Future Potential Share Issuances:

- Further potential share issuances by the Consolidated Entity at its election to raise AUD 300,000 (USD 244,686) (and up to AUD 1,000,000, (USD 815,620), with mutual consent) per month for 12 months.
- Issued at 91% of an average price calculation at the time of issuance.
- The potential future share issuances under the new facilities are subject to market and other standard conditions.

The amounts funded under the agreement will be non-interesting bearing and will be unsecured.

For the initial funding, the Consolidated Entity had sufficient placement capacity for shares to be issued under the Consolidated Entity's 15% placement capacity in accordance with ASX listing rule 7.1. Additionally, the Consolidated Entity has shareholder approval for an additional 10% placement capacity in accordance with ASX listing rule 7.1A.

Directors Report

SUBSEQUENT EVENTS (Continued)

If approvals were to become required in the future for future potential issuances, the agreement contains provisions requiring approval of shareholders if required under Listing Rule 7.1. The Consolidated Entity is obligated to file a cleansing prospectus within 60 days following the execution, and as a part of the transaction, a total of 2,700,000 collateral shares and 6,000,000 unlisted options will be issued to the investment groups at an exercise price of 120% of the average of the daily VWAPs of the Consolidated Entity's shares for the 20 trading days immediately prior to the issuance of the options. The investors had agreed not to trade in Stonewall Resources Limited's shares until the provision of the cleansing prospectus. The cleansing prospectus was lodged with the ASX and ASIC on 27 February 2015.

APCG Loan:

As part of this funding recapitalisation (and referred to in note 8), an existing lender to the Consolidated Entity, Australian Private Capital Investment Group (International) Limited, has agreed to extend the term of its current unsecured AUD 4.0 million (USD 3,262,480) loan by 12 months to October 2016 under the same terms.

Unsecured Working Capital Loan:

Further, on 25 February 2015, the Consolidated Entity announced it had entered into an unsecured supplementary working capital loan of AUD 1 million (USD 815,620) with Beatle Rock Pty Ltd (Beatle), a director related entity.

The loan is on terms which are reasonable if negotiated on an arm's length basis and the entire loan has been drawn down.

Key terms of the loan are as follows:

- Interest rate equal to the USD LIBOR monthly rate published on the Business Day immediately preceding the date on which interest for the relevant monthly period
- Quarterly repayments of the higher of AUD 150,000 (USD 122,343) or 10% of gold revenue generated by any or all producing entities in the Consolidated Entity in the preceding quarter

The use of funds is for general working capital needs including the appointment of lawyers to investigate potential proceedings against parties relating to the default in November 2014 under the USD 141 million Share Sale Agreement with Shandong Qixing Iron Tower Co Ltd.

Notice of Arbitration

As announced on 3 March 2015, the Consolidated Entity announced that it has served a notice of arbitration on Shandong Qixing Iron Tower Co. Ltd.

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

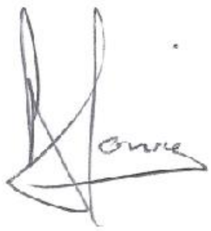
Directors Report

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 2014.

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

On behalf of the directors



Trevor Fourie

Director
Melbourne, 16 March 2015

Deloitte.

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Board of Directors
Stonewall Resources Limited
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16 March 2015

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 2014, 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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2014

	Notes	31 December 2014 USD	31 December 2013 USD
Continuing operations			
Revenue		-	3,209,318
Cost of sales		-	(5,546,669)
Gross (loss)		**-**	**(2,337,351)**
Interest income		58,738	173,955
Foreign exchange translation gains		328,582	-
Other income		94,276	18,277
Gain on financial liabilities	11	1,609,008	-
Loss on remeasurement of assets	3	(268,748)	-
Finance costs		(518,520)	(312,381)
Management fees paid		(143,143)	(148,800)
Impairment of assets	5	(2,158,702)	-
Operating expenses	2	(4,405,328)	(3,215,077)
Profit (loss) before income tax expense		**(5,403,837)**	**(5,821,377)**
Income tax expense		-	-
Loss for the period from continuing operations		**(5,403,837)**	**(5,821,377)**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		(563,093)	(541,255)
Other comprehensive income for the period, net of income tax		**(563,093)**	**(541,255)**
Total comprehensive loss for the period		**(5,966,930)**	**(6,362,632)**
Loss attributable to:			
Equity holders of the parent		(4,607,587)	(5,702,337)
Non-controlling interest		(796,250)	(119,040)
		(5,403,837)	**(5,821,377)**
Total comprehensive income attributable to:			
Equity holders of the parent		(5,170,680)	(6,243,592)
Non-controlling interest		(796,250)	(119,040)
		(5,966,930)	**(6,362,632)**
Earnings per share			
From continuing operations			
Basic (cents per share)		(1.05)	(1.29)
Diluted (cents per share)		(1.05)	(1.29)

Notes to the condensed consolidated financial statements are included on pages 15 to 26.

Condensed Consolidated Statement of Financial Position as at 31 December 2014

	Notes	31 December 2014 USD	30 June 2014 USD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	166,279	2,891,296
Trade and other receivables		233,279	37,508
Inventories		247,538	-
Other financial assets		11,242	12,149
Assets classified as held for sale	3	-	20,091,419
TOTAL CURRENT ASSETS		**658,338**	**23,032,372**
NON-CURRENT ASSETS			
Property, plant & equipment		2,159,698	123,358
Investment property		86,100	-
Other assets		16,829	18,838
Long Term Loan Receivable		35,818	-
Mining rights and mining development		9,693,311	-
Capitalised exploration expenditure		1,588,372	-
Rehabilitation investment funds		1,885,073	-
TOTAL NON-CURRENT ASSETS		**15,465,201**	**142,196**
TOTAL ASSETS		**16,123,539**	**23,174,568**
CURRENT LIABILITIES			
Trade and other payables		3,374,689	573,984
Other financial liabilities	11	277,709	1,886,717
Loan from director		10,332	-
Employee benefits		182,790	-
Borrowings	8	6,371,181	6,701,724
Liabilities directly associated with assets classified as held for sale	3	-	6,227,946
TOTAL CURRENT LIABILITIES		**10,216,701**	**15,390,371**
NON-CURRENT LIABILITIES			
Finance lease obligation		88,597	-
Environmental rehabilitation provision		2,087,495	-
Other financial liabilities		414,744	-
TOTAL NON-CURRENT LIABILITIES		**2,590,836**	**-**
TOTAL LIABILITIES		**12,807,537**	**15,390,371**
NET ASSETS		**3,316,002**	**7,784,197**
EQUITY			
Issued Capital	9	50,563,748	49,065,013
Reserves		5,942,899	6,505,992
Accumulated Losses		(50,584,300)	(45,976,713)
Non-Controlling Interest		(2,606,345)	(1,810,095)
TOTAL EQUITY		**3,316,002**	**7,784,197**

Notes to the condensed consolidated financial statements are included on pages 15 to 26.

Condensed Consolidated Statement of Changes in Equity
for the half year ended 31 December 2014

	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
Balance 1 July 2013	**41,309,007**	**10,218,089**	**-**	**-**	**92,000**	**(4,067,922)**	**(33,840,511)**	**13,710,663**	**(940,729)**	**12,769,934**
Loss for the period	-	-	-	-	-	-	(5,702,337)	(5,702,337)	(119,040)	(5,821,377)
Other comprehensive Income for the period, net of income tax	-	-	-	-	-	(541,255)	-	(541,255)	-	(541,255)
Total comprehensive loss for the period	-	-	-	-	-	(541,255)	(5,702,337)	(6,243,592)	(119,040)	(6,362,632)
Issue of Shares	5,585,233	-	-	-	-	-	-	5,585,233	-	5,585,233
Cost of share issues	(212,952)	-	-	-	-	-	-	(212,952)	-	(212,952)
Balance at 31 December 2013	**46,681,288**	**10,218,089**	**-**	**-**	**92,000**	**(4,609,177)**	**(39,542,848)**	**12,839,352**	**(1,059,769)**	**11,779,583**
Balance 1 July 2014	**49,065,013**	**10,218,089**	**30,302**	**161,709**	**92,000**	**(3,996,108)**	**(45,976,713)**	**9,594,292**	**(1,810,095)**	**7,784,197**
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)
Total comprehensive income for the period	-	-	-	-	-	(563,093)	(4,607,587)	(5,170,680)	(796,250)	(5,966,930)
Issue of shares	1,577,294	-	-	-	-	-	-	1,577,294	-	1,577,294
Cost of share issues	(78,559)	-	-	-	-	-	-	(78,559)	-	(78,559)
Balance at 31 December 2014	**50,563,748**	**10,218,089**	**30,302**	**161,709**	**92,000**	**(4,559,201)**	**(50,584,300)**	**5,922,347**	**(2,606,345)**	**3,316,002**

Notes to the condensed consolidated financial statements are included on pages 15 to 26.

Condensed Consolidated Statement of Cash Flows for the half year ended 31 December 2014

	Notes	31 December 2014 USD	31 December 2013 USD
Cash flows from operating activities			
Receipts from customers		143,416	3,109,877
Payments to suppliers and employees		(4,322,692)	(8,911,964)
Interest received		18,703	36,173
Interest paid		(192,177)	(312,697)
Net cash (outflow) from operating activities		**(4,352,750)**	**(6,078,611)**
Cash flows from investing activities			
Disposal / (Acquisition) of property, plant and equipment		9,009	(2,351,325)
Disposal / (Acquisition) of other non-current assets		9,282	(95,605)
Net movement in rehabilitation investment		(109,473)	(121,047)
Net cash inflow / (outflow) from investing activities		**(91,182)**	**(2,567,977)**
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		1,577,294	5,531,703
Payment of share issue costs		(78,559)	-
Proceeds from borrowings		28,847	3,727,604
(Decrease) / Increase in finance lease obligation		(20,111)	44,685
Proceeds from director's loan		7,644	-
Net cash inflow from financing activities		**1,515,115**	**9,303,992**
Net increase in cash and cash equivalents		**(2,928,817)**	**657,404**
Cash and cash equivalents at the beginning of period		**2,989,283**	**3,513,773**
Exchange rate adjustments		**(163,422)**	**(12,740)**
Cash at the end of the period	10	**(102,956)**	**4,158,437**

Notes to the condensed consolidated financial statements are included on pages 15 to 26.

Notes to the Financial Statements for the half year ended 31 December 2014

Note 1: Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 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 2014 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 2014, the Consolidated Entity incurred a loss of USD 5,403,837, had net cash outflows from operating activities of USD 4,352,750 and as at that date was in a net current liability position of USD 9,558,363. In addition, as at 31 December 2014, the Consolidated Entity has convertible notes of USD 2,429,178 that if not converted, are due for repayment on or before 16 June 2015.

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 2014, as detailed in the subsequent event note at note 12, the following events occurred:

- On 29 January 2015, the Consolidated Entity secured additional funding of up to AUD 13,500,000 (USD 11,010,870) with an initial draw down in January and February 2015 of AUD 1,100,000 (USD 897,170). The potential additional funding is subject to market and other standard conditions, but market conditions are currently such that no more than AUD 1,500,000 (USD 1,223,430) is likely to be raised through this facility. Under the current agreement, however, the parties have verbally agreed to amend the conditions in order to make additional issuances possible. The revised terms are subject to further negotiations which are expected to be finalised shortly;

- On 29 January 2015, the Consolidated Entity successfully extended the terms of the APCG loan by 12 months to October 2016, of which the value of USD 3,262,480 is included in current borrowings as at 31 December 2014; and

- On 25 February 2015, the Consolidated Entity secured funding for working capital of AUD 1,000,000 (USD 778,600) from a related party. The loan is repayable in quarterly instalments commencing from 31 August 2015.

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 March 2016.

Notes to the Financial Statements for the half year ended 31 December 2014

Note 1: Basis of Preparation (Continued)

Going Concern (Continued)

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 USD 9.2 million of 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, including for the repayment of the USD 2.4 million convertible notes in June 2015, the Consolidated Entity will be required to source additional funding, net of costs, as follows:
  - o USD 1,880,000 in April 2015 - for additional capital to ramp up production;
  - o USD 2,350,000 in June 2015;
  - o USD 2,632,000 in July 2015;
  - o USD 940,000 in September 2015; and
  - o USD 1,410,000 in January 2016;
- The Consolidated Entity recommenced mining activities in February 2015. These mining activities are forecast to continue to ramp up through calendar year 2015. In order to achieve the forecasted level of operating cash flows, the Consolidated Entity is required to achieve forecast gold production targets which are significantly in excess of current production, and for which significant capital expenditure is required to be spent, which is included in the USD 9.2 million above. The forecasted production averages a recovery rate 1.7 grams/tonne and gold price of USD 1,181 in calendar year 2015; and
- 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. There are various draft agreements in place where the Directors are assessing the best options for the Consolidated Entity. In addition the directors are actively seeking new equity participants.

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, 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 2014

Note 2: Expenses

	31 December 2014 USD	31 December 2013 USD
Operating expenses:		
- Administration expenses	(493,687)	(540,925)
- Consultants expenses and professional costs	(158,679)	(619,572)
- Employee and contractors expenses	(777,001)	(1,212,264)
- Security costs	(331,435)	(260,049)
- Mine operation expenses	(2,283,554)	-
- Other expenses	(360,972)	(582,267)
	(4,405,328)	**(3,215,077)**

Note 3: Assets Held for Sale & Discontinued Operations

On 22 November 2013, the Consolidated Entity announced that it had agreed to sell its interest in Stonewall Mining Pty Ltd to Shandong Qixing Iron Tower Co., Ltd for USD 124,390,000. At the EGM on 23 December 2013, Stonewall Resources Limited shareholders approved the sale of the Consolidated Entity's shares in Stonewall Mining Pty Ltd to Shandong Qixing Iron Tower Co., Ltd

Stonewall Mining Pty Ltd has South African assets which include several surface and near-surface gold mineralisations.

Its three key projects are the TGME and Sabie Projects, 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) and the Bosveld Project, located in South Africa's KwaZulu-Natal Province. Stonewall Mining Pty Ltd owns 74% of TGME, Sabie Mines and Bosveld Mines.

As required by AASB 5 the assets and liabilities of Stonewall Mining Pty Ltd and its subsidiaries were classified as held for sale as at 31 December 2013 and 30 June 2014.

On 21 November 2014, Stonewall Resources Limited announced that Shandong unexpectedly advised that it did not intend to complete the purchase of Stonewall Mining Pty Ltd under the share sale agreement.

The cancellation of the sale along with management's decision to retain the assets of Stonewall Mining Pty Ltd has meant that the conditions under AASB 5 are no longer met. The assets and liabilities of Stonewall Mining Pty Ltd and its subsidiaries are no longer classified as held for sale as at 31 December 2014 and income and expenditure has been classified as continuing operations for the half year ended 31 December 2014 with the comparative balances restated.

The assets of Stonewall Mining Pty Ltd have been remeasured to either their carrying amount before Stonewall Mining Pty Ltd was classified as held for sale, adjusted for any depreciation (refer below), amortisation or revaluations that would have been recognised had Stonewall Mining Pty Ltd not been classified as held for sale or their recoverable amount, whichever is lower.

As a result of the remeasurement, a loss of USD 268,748 has been included in the Consolidated Entity's profit or loss. The loss represents reinstated depreciation expense which was not recorded from the date that Stonewall Mining Pty Ltd was classified as a discontinued operation to the date that the Consolidated Entity was informed that the sale was not going to complete.

Notes to the Financial Statements
for the half year ended 31 December 2014

Note 3: Assets Held for Sale & Discontinued Operations (Continued)

Stonewall Mining Pty Ltd's three key projects, TGME, Sabie and Bosveld, were also tested for impairment to assess whether their carrying values were in excess their recoverable amounts.

TGME & Sabie's recoverable amounts were in excess of their carrying amounts. However, the assets of Bosveld were found to be carried in excess of their recoverable amount and accordingly an impairment charge of USD 2,158,702 has been included in profit or loss (refer to note 5 for additional information).

At 31 December 2014 Stonewall Mining Pty Ltd's assets and liabilities have been reclassified in their relevant statement of financial position categories as they are no longer held for sale.

Carrying Amounts of Assets and Liabilities

	30 June 2014 USD
Cash and cash equivalents	97,987
Trade and other receivables	252,048
Inventories	298,398
Property, plant and equipment	2,682,187
Investment property	94,400
Mining rights, mining assets and mining developments	12,972,393
Capitalised exploration expenditure	1,741,491
Rehabilitation investment funds	1,910,184
Other assets	984
Loan to employee	41,347
Total assets	**20,091,419**
Trade & other payables	3,016,646
Financial lease obligation	118,000
Loan from director	4,720
Employee benefits	493,996
Environmental rehabilitation provision	2,169,784
Other financial liabilities	424,800
Total liabilities	**6,227,946**
Net assets	**13,863,473**

Note 4: Dividends

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

Notes to the Financial Statements for the half year ended 31 December 2014

Note 5: Impairment of Assets

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

During the half year the Consolidated Entity performed an impairment assessment of the Cash Generating Units (CGU's) of TGME, Sabie & Bosveld.

This was triggered by the cancellation of the sale of Stonewall Mining Pty Ltd and subsequent reclassification from assets held for sale and discontinued operations to continuing operations.

TGME & Sabie CGU's

Impairment is recognised when the carrying amount exceeds the recoverable amount. 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 assets 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. The methodology used for the valuation of the CGU's is as follows:

- Industry valuation standards were used to estimate specific risks.
- The principal risk criteria were measured against industry average valuation standards to determine a project valuation index.
- A comparison of the project valuation indicates that the project risk profile is somewhat higher than the average gold industry average for all the underground and surface areas. The project risk profile for the tailings and rock dumps are somewhat lower than the average gold industry average.
- The measured, indicated and inferred Mineral Resource industry average value of USD/oz., based on the category of the mineral resource applied, was slightly lower than the industry average because of its higher risk except for the tailings and the rock dumps which had a higher value because of the lower risk.

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

Bosveld CGU

Bosveld is not generating any cash flows and the mine has been under care and maintenance for greater than 12 months. Management has decided to keep the mine under care and maintenance as it is not economical to recommence production until significant capital is invested into the underground development, plant and shaft. Consequently, Management has assessed the recoverable amount of its Bosveld CGU to be USD nil.

As Boveld's recoverable amount is lower than its carrying amount, an impairment charge of USD 2,158,702 has been included in profit or loss.

Note 6: 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 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.

Notes to the Financial Statements for the half year ended 31 December 2014

Note 6: Operating Segment (Continued)

(i) Segment performance

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

Six months ended 31 December 2013	TGME USD	Bosveld USD	Sabie USD	Total USD
Continuing operations				
Gold and mining revenue	2,429,705	779,613	-	3,209,318
Less: Cost of sales	(4,375,415)	(1,171,254)	-	(5,546,669)
Segment gross profit	(1,945,710)	(391,641)	-	(2,337,351)
Unallocated items:				
Other revenue				192,232
Reconciliation of segment result to group net loss before tax				
Unallocated items:				
Other expenses				(3,676,258)
Net loss before tax				**(5,821,377)**

Notes to the Financial Statements for the half year ended 31 December 2014

Note 6: Operating Segment (Continued)

(ii) Segment assets

31 December 2014	31 December 2014 USD	30 June 2014 USD
Continuing Operations		
TGME	11,101,647	-
Bosveld	129,839	-
Sabie	1,170,530	-
Total segment assets	**12,402,016**	**-**
Unallocated assets:		
Other assets	3,721,523	3,083,149
Total assets (continuing operations)	**16,123,539**	**3,083,149**
Discontinued Operations		
TGME	-	13,803,712
Bosveld	-	1,370,139
Sabie	-	1,349,327
Total segment assets	**-**	**16,523,178**
Unallocated assets:		
Other assets	-	3,568,241
Total assets (discontinued operations)	**-**	**20,091,419**
Total assets	**16,123,539**	**23,174,568**

Note 7: Contingent Liabilities

There are no contingent liabilities as at the reporting date.

Note 8: Borrowings

		31 December 2014 USD	30 June 2014 USD
Loan – Australian Private Capital Group (International) Limited	(a)	3,672,768	4,027,976
Convertible Notes	(b)	2,429,178	2,673,748
Bank overdraft		269,235	-
		6,371,181	**6,701,724**

Notes to the Financial Statements for the half year ended 31 December 2014

Note 8: Borrowings (Continued)

a) On 19 September 2013, Stonewall Resources Limited entered into an unsecured loan agreement with Australian Private Capital Group (International) Limited (**APCG**), whereby, APCG will lend Stonewall up to AUD 5,000,000 (USD 4,078,000) repayable within 2 years.

During the 2014 financial year, the Consolidated Entity received AUD 4,000,000 (translated to USD 3,262,400). Interest accrues on the loan on a daily basis at 10% per annum with the total interest accrued to 31 December 2014 of USD 384,305. Overdue interest also accrues on a daily basis at 15% per annum where any interest amounts above are outstanding. The total overdue interest accrued to 31 December 2014 is USD 26,063.

The loan was originally repayable on upon the earlier of a change in control of Stonewall Mining Pty Ltd or Stonewall Resources Limited or two years from the date the initial amount was received (being 16 October 2013).

As part of the recapitalisation announced on 29 January 2015, the Consolidated Entity confirmed that APCG had agreed to extend the term of the unsecured loan by a further 12 months to 16 October 2016.

b) On 16 June 2014 the Consolidated Entity announced that it had secured financing of AUD 3,000,000 (USD: 2,446,800) in debt funding via a Convertible Note with an existing shareholder.

Details of the Convertible Note:

The note may be converted into 18,750,000 fully paid ordinary shares at any time between 16 June 2014 and 16 June 2015 at the election of the lender.

If the note has not been converted, it will be redeemed on 16 June 2015 at AUD 3,000,000.

Interest of 8% per annum accrues from 1 January 2015.

The net proceeds received from the issue of the convertible note has been split between the financial liability element and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Consolidated Entity.

Note 9: Issued Capital

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

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

Notes to the Financial Statements
for the half year ended 31 December 2014

Note 9: Issued Capital (Continued)

(b) Movements in share capital of during the six months to 31 December 2013 were as follows:

		Fully Paid Ordinary Shares	USD
1 July 2013	**Opening Balance**	**404,498,924**	**41,309,007**
28 August 2013	Issue of shares*	58,479,760	-
13 September 2013	Issue of shares (exercise of options)	8,689,880	1,580,772
14 November 2013	Issue of shares (exercise of options)	533,620	101,227
18 December 2013	Issue of shares (exercise of options)	994,489	178,154
23 December 2013	Issue of shares (exercise of options	1,000,000	178,280
27 December 2013	Issue of shares	20,000,000	3,546,800
	Less: Share issue costs	-	(212,952)
31 December 2013	**Closing Balance**	**494,196,673**	**46,681,288**

*58,479,760 shares were issued to non-South African shareholders of the Consolidated Entity representing deferred consideration pursuant to the share sale agreement of Stonewall Mining Pty Ltd.

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

(d) Movements in options issued of during the six months to 31 December 2013 were as follows:

		Options
1 July 2013	**Opening Balance**	**10,860,000**
28 August 2013	Issue of options	25,000,000
13 September 2013	Exercise of options	(8,689,880)
31 October 2013	Lapse / expiration of options	(8,860,000)
14 November 2013	Exercise of options	(533,620)
18 December 2013	Exercise of options	(994,489)
23 December 2013	Exercise of options	(1,000,000)
31 December 2013	**Closing Balance**	**15,782,011**

Notes to the Financial Statements for the half year ended 31 December 2014

Note 10: 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:

	31 December 2014 USD	30 June 2014 USD
Cash at bank balances	166,279	2,891,296
Cash and cash equivalents included in a disposal group (refer to note 3)	-	97,987
Bank overdraft included in Current Borrowings (refer to note 8)	(269,235)	-
Cash at the end of the period	**(102,956)**	**2,989,283**

Note 11: Gain on Financial Liabilities

	31 December 2014 USD	31 December 2013 USD
Gain on remeasurement of deferred consideration payable	1,609,008	-

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.

The Option Agreement allows the South African resident vendors of Stonewall Mining Pty Ltd to exchange their existing shares in Stonewall Mining Pty Ltd for up to 79,520,240 fully paid ordinary shares and 4,994,990 options (with an exercise price of AUS 0.20) in Stonewall Resources Limited.

The value of the Deferred Consideration was recorded in the financial statements at USD 1,886,717 from the date of acquisition of Stonewall Mining through to the 2014 annual report.

Due to significant changes in market conditions, the Deferred Consideration Options have been revalued at 31 December 2014 using prevailing share prices.

The result of the remeasurement has revalued the Deferred Consideration at USD 277,709 with a corresponding Gain on Other Financial Liabilities recorded in Profit or Loss of USD 1,609,008.

Notes to the Financial Statements for the half year ended 31 December 2014

Note 12: Subsequent Events

Funding / Recapitalisation

On 29 January 2015 the Consolidated Entity announced that it has entered into a new funding arrangement supported by two US-based institutional investment groups to provide collective funding of up to AUD 13.5 million (USD 11.1 million) and with an initial drawdown of AUD 1.5 million (USD 1.2 million) (new facilities).

The new arrangements are in the form of unsecured convertible securities and future potential share issuances.
The key terms are as follows:

Unsecured Convertible Notes:

- AUD 1.5 million (USD 1.2 million) unsecured convertible securities (with a face value of AUD 1.8 million, USD 1.5 million) to be provided initially with a 12 month maturity.
- Convertible at 85% of an average price calculation at the time of conversion.
- Floor protection mechanism that allows the Consolidated Entity to not issue the shares under a conversion price lower than a floor price specified by the Consolidated Entity.

Future Potential Share Issuances:

- Further potential share issuances by the Consolidated Entity at its election to raise AUD 300,000 (USD 244,686) (and up to AUD 1,000,000, (USD 815,620), with mutual consent) per month for 12 months.
- Issued at 91% of an average price calculation at the time of issuance.
- The potential future share issuances under the new facilities are subject to market and other standard conditions.

The amounts funded under the agreement will be non-interesting bearing and will be unsecured.

For the initial funding, the Consolidated Entity had sufficient placement capacity for shares to be issued under the Consolidated Entity's 15% placement capacity in accordance with ASX listing rule 7.1. Additionally, the Consolidated Entity has shareholder approval for an additional 10% placement capacity in accordance with ASX listing rule 7.1A.

If approvals were to become required in the future for future potential issuances, the agreement contains provisions requiring approval of shareholders if required under Listing Rule 7.1. The Consolidated Entity is obligated to file a cleansing prospectus within 60 days following the execution, and as a part of the transaction, a total of 2,700,000 collateral shares and 6,000,000 unlisted options will be issued to the investment groups at an exercise price of 120% of the average of the daily VWAPs of the Consolidated Entity's shares for the 20 trading days immediately prior to the issuance of the options. The investors had agreed not to trade in Stonewall Resources Limited's shares until the provision of the cleansing prospectus. The cleansing prospectus was lodged with the ASX and ASIC on 27 February 2015.

APCG Loan:

As part of this funding recapitalisation (and referred to in note 8), an existing lender to the Consolidated Entity, Australian Private Capital Investment Group (International) Limited, has agreed to extend the term of its current unsecured AUD 4.0 million (USD 3,262,480) loan by 12 months to October 2016 under the same terms.

Unsecured Working Capital Loan:

Further, on 25 February 2015, the Consolidated Entity announced it had entered into an unsecured supplementary working capital loan of AUD 1 million (USD 815,620) with Beatle Rock Pty Ltd (Beatle), a director related entity.

Notes to the Financial Statements for the half year ended 31 December 2014

Note 12: Subsequent Events (Continued)

The loan is on terms which are reasonable if negotiated on an arm's length basis and the entire loan has been drawn down.

Key terms of the loan are as follows:

- Interest rate equal to the USD LIBOR monthly rate published on the Business Day immediately preceding the date on which interest for the relevant monthly period
- Quarterly repayments of the higher of AUD 150,000 (USD 122,343) or 10% of gold revenue generated by any or all producing entities in the Consolidated Entity in the preceding quarter

The use of funds is for general working capital needs including the appointment of lawyers to investigate potential proceedings against parties relating to the default in November 2014 under the USD 141 million Share Sale Agreement with Shandong Qixing Iron Tower Co Ltd.

Notice of Arbitration

As announced on 3 March 2015, the Consolidated Entity announced that it has served a notice of arbitration on Shandong Qixing Iron Tower Co. Ltd.

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

Directors' Declaration

The directors declare that:

1. the financial statements and notes, as set out on pages 11 to 26, 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 2014 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, 16 March 2015

Deloitte.

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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 2014, 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 27.

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 2014 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.

Deloitte.

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 2014 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 2014 the Consolidated Entity incurred a net loss of USD 5,403,837, had net cash outflows from operating activities of USD 4,352,750, and was in a net current liability position of USD 9,558,363 as at 31 December 2014. 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, 16 March 2015