

22 November 2016

Ms B Chui
C/- Australian Securities Exchange
Level 5, 20 Bridge Street
SYDNEY NSW 2000

By email: belinda.chiu@asx.com.au

Dear Belinda

Re: Stonewall Resources Limited (the 'Company'): Appendix 5B Query

We refer to your letter dated 17 November 2016 and acknowledge the comments derived from the Company's Appendix 5B dated 31 October 2016 as presented in the three bullet points at the commencement of your letter.

The Company provides the following responses to the specific queries raised in your letter:

1. ***Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?***

The Company is currently transitioning from a transactional and exploration phase to a development phase. As stated in the quarterly report, the Company is finalising studies and plans for the re-commencement of production through its Pre-Mined Residue Project. Accordingly, during the planning and transitional phase the Company may report negative operating cash flows, however, pro-active funding initiatives as well as shareholder support in providing liquidity would limit the likelihood of this. The timing of fund raises to coincide with market conditions and cash requirements is a key focus of management and the Board.

2. ***Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?***

As disclosed in the Company's quarterly operations report released on 31 October 2016, it is currently in the process of negotiating further capital raises including a firm loan facility for AUD 2.5 million which is to be concluded before or by 30 November 2016, with appropriate details to be announced to the market in due course. In addition the Company has obtained commitments from various investors for additional equity placements, which are being considered.

As was also disclosed in the Company's quarterly operations report, the Company has received written undertakings from two of its major shareholders that they will support the Company in maintaining adequate liquidity in the event that it is needed.

Finally, the Company expects to enforce the award granted in its favour by the Hong Kong International Arbitration Centre ('HKIAC') against Shandong Qixing Iron Tower Co. Ltd ('Shandong') under which, Shandong must pay the Company USD 12.6m plus interest and costs in compensation for its repudiation of the Share Sale Agreement entered with the Company in 2014. Full details of the HKIAC's findings have been previously released to the market on a number of occasions.

The Company is confident that it will continue to be successful in raising further cash to fund its operations.

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3. ***Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?***

Based on the expected successful completion of the funding alternatives outlined at point 2 above, coupled with the undertakings of support from its major shareholders, the Company has full confidence that it will be able to continue its operations and meet its business objectives.

4. ***Please provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).***

In addition to the information provided in points 1 – 3 above, the Company notes it has a successful history of raising adequate funds to meet its ongoing obligations. The Company's major shareholders continue to invest in and support the Company and as previously stated, have undertaken to support the Company's liquidity requirements if and when needed.

5. ***Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.***

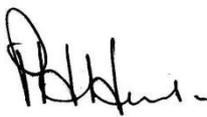
The Company confirms that it is in compliance with ASX Listing Rule 3.1 and that to the best of its knowledge, there is no information about its financial condition that should be given to the ASX in accordance with that rule that has not already been released.

6. ***Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.***

The Company confirms that its responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

We trust the responses provided above satisfy the queries raised however; should you require any further clarification, please do not hesitate to contact the Company.

On behalf of the board



Peter Hunt
Company Secretary

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17 November 2016

Michael Higgs
Level 7, 420 King Williams Street
Adelaide SA 5000

By email: michael.higgs@bdo.com.au

Dear Michael,

Stonewall Resources Limited (the “Company”): Appendix 5B Query

I refer to the Company’s Appendix 5B quarterly report for the period ended 30 September 2016 lodged with ASX Market Announcements Platform on 31 October 2016 (the “Appendix 5B”).

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$1,101,000;
- cash at the end of the quarter of \$100,000; and
- estimated cash outflows for the next quarter of \$1,624,000

It is possible to conclude, based on the information in the Appendix 5B that if the Company were to continue to expend cash at the rate indicated by the Appendix 5B, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that the Company’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an

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officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEDT on Tuesday, 22 November 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

A handwritten signature in black ink that reads 'Belinda Chiu'. The signature is written in a cursive style with a large, looping initial 'B'.

Belinda Chiu
Senior Adviser, Listings Compliance

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