

30 October 2015

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

QUARTERLY REPORT – 1 JULY TO 30 SEPTEMBER 2015

Stonewall Resources Limited (ASX: SWJ) “Stonewall” or the “Company” reports on its activities for the three-month period ended 30 September 2015.

Highlights

- **Successful recapitalisation and Funding**
- **Retirement of due debt**
- **Strategic review of the companies Pre-Mined residue (PMR) project**
- **Completion of the acquisition of Stonewall Mining through the issue of shares to South African shareholders**
- **Appointment of new directors**

EXECUTIVE SUMMARY

Corporate

- **Summary**

The Board has been able to enter into a comprehensive recapitalisation of the Company, which has allowed for the stabilisation of the business, and the retirement of the due term debt. The Company has engaged in a process of consolidation and a strategic review, including a detailed study into the PMR project.

- **Cash**

As at 30 September 2015, Stonewall had cash balances of AUD 564K.

As noted in the Corporate section of this report, Stonewall has secured further funding of AUD 5.8m (of which AUD 5.25 has been received) which has been partially utilised to settle an existing Convertible Note and a short term working capital facility as part of the Company’s recapitalisation initiatives.

- **Notice of Arbitration**

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

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

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.009
Total free floating shares:	1.314 billion
Total shares:	1.314 billion

DIRECTORS & SENIOR MANAGEMENT

Trevor Fourie, Director
Liu Yang, Director
James Liu, Director
Zihao Zhang, Director
Bill Yang, Director
Runxi Zhu, Director
Lloyd Birrell, CEO

MAJOR SHAREHOLDERS

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

Operations

- Significant efforts commenced to engage all stakeholders, including communities, to ensure the rapid and efficient re-opening of the operations when appropriate.
- A strategic review and detailed study into phase 2 of the PMR Project.
- The primary objective of the study into Phase 2 is to determine the optimal level of production and capitalisation of the PMR project, given the partial roll-out of Phase 1.

Exploration

- No exploration activities took place during the quarter.

CORPORATE

Cash Position

As at 30 September 2015, Stonewall had cash balances of AUD 564K.

Recapitalisation Initiatives for Quarter

- **Convertible Notes**

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

The funding was in the form of unsecured convertible securities and future potential share issuances.

The key terms were as follows:

- **Unsecured Convertible Notes:**
 - Two convertible notes at AUD 750,000 each with a face value of AUD 900,000 each provided initially with a 12 month maturity
 - Convertible at 85% of an average share price calculation at the time of conversion
 - Floor protection mechanism that allows the Company to not issue the shares under a conversion price lower than a floor price specified by the Company (AUD 0.07)

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

During the quarter ended 30 September 2015, the Company received conversion notices from each of The Australian Special Opportunity Fund LP and SBI Investments (PR) LLC to convert the amounts referred to in the table below. In each instance, the Company issued floor price notices along with notices invoking the 90 calendar day period to raise sufficient capital to meet the required repayments in accordance with the Company's rights under agreements. The repayment dates are listed in the table:

Date	SBI Conversion Notice	Aus Spec Conversion Notice	Due Date of Repayment (utilising 90 day deferral)	Total Amount payable (incl. 20% premium)
	AUD	AUD		AUD
08/07/15	100,000	100,000	08/10/15	240,000
14/07/15	100,000	100,000	13/10/15	240,000
22/07/15	100,000	100,000	21/10/15	240,000
03/08/15	200,000	200,000	02/11/15	480,000
11/08/15	200,000	200,000	09/11/15	480,000
	700,000	700,000		1,680,000

The company has repaid AUD 360,000 with the balance of AUD 1,440,000. As announced on 21 October 2015, the Company has negotiated an extension of the repayment due dates that the balance is due on 4 November 2015. Following the settlement of the Floor price Notices, a balance of AUD 200,000 will be outstanding.

The maturity date for the Convertible Notes is 29 January 2016.

- **Beagle Rock Loan**

Stonewall entered into an unsecured supplementary working capital loan of AUD 1,000,000 with Beagle Rock Pty Ltd (**Beagle**) on 25 February 2015.

Beagle is an entity associated with David Murray, a director of Stonewall at the time of the agreement being entered, who has subsequently resigned. All relevant interests were fully disclosed to the Board by Mr Murray and Mr Murray took no part in the Board deliberations and resolution on the loan.

The loan is on terms which are reasonable if negotiated on an arm's length basis. The entire loan has been drawn down. The use of funds was for general working capital needs.

The loan is repayable by the higher of quarterly instalments of AUD 150,000 or 10% of gold revenue. The first instalment was paid on 31 August 2015.

- **Share Placements**

On 15 June 2015 the Company completed a share placement to Tasman Funds Management Pty Ltd ATF Tasman Investments Fund (ACN 168 145 524). The placement to Tasman raised AUD 1,100,000 through the issue of 100,000,000 shares at an issue price of AUD 0.011 ("**Tasman Placement**").

The Company also completed a share placement to non-related sophisticated investors to raise AUD 120,000 through the issue of 10,909,091 shares at an issue price of AUD \$0.011 ("**Third Party Placement**").

The Company applied the proceeds from the Tasman and Third Party Placements towards:

- A partial re-payment of an outstanding Convertible Note
- General working capital purposes
- Reducing trade creditors

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The shares were issued under the Company existing placement capacity in accordance with ASX Listing Rule 7.1 which is now fully utilised and the balance under ASX Listing Rule 7.1A.

On 17 August 2015, Stonewall Resources Ltd received shareholder approval for placements of shares to sophisticated and institutional investors, including related parties, to raise a total of AUD 5,700,000 through equity placements at AUD 0.009 per share. As at the date of this report, Stonewall has settled AUD 5,250,000 of these placements which has allowed the Consolidated Entity to significantly reduce its external debt. Of the 633,333,333 shares approved for issue at the shareholder meeting on 17 August 2015, the Company has issued 583,333,333 of these shares to the sophisticated investors or their nominees.

The AUD 5,250,000 comprises the following share placements:

AUD 1,520,000 via a placement of 168,888,889 shares at AUD 0.009 per share to Tasman Funds Management Ltd (a related party). Shares were issued on 17 September 2015.

AUD 2,080,000 via a placement of 231,111,111 shares at AUD 0.009 per share to High Gift Investment Ltd. Shares were issued on 17 September 2015.

AUD 450,000 via a placement of 50,000,000 shares at AUD 0.009 per share to Quattro Capital Group Ltd. Shares were issued on 17 September 2015. Approval for an additional placement of 50,000,000 shares at AUD 0.009 per share to Quattro Capital Group Ltd (or nominee) to raise an additional AUD 450,000 was granted by shareholders at the meeting on 17 August 2015.

AUD 1,200,000 via a placement of 133,333,333 shares to Smart Vision Investment Group Ltd (a nominee of Hanhong New Energy Holdings Ltd, related party). Shares were issued on 19 August 2015. This placement was used to repay the working capital facility referred to under the heading 'Unsecured Working Capital Facility' below.

Funds have been used to settle the balance of a restructured convertible note in August 2015, settle the short term working capital facility from Hanhong and will be further used to assist with the Company's working capital requirements.

In addition to these share placements approved by shareholders, the Company issued 11,111,111 shares to an unrelated sophisticated investor at an issue price of AUD 0.009 raising a total of AUD 100,000 which was used to assist with the Company's general working capital requirements including those of its South African subsidiary, Stonewall Mining Pty Ltd.

These shares were issued under the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1.

The securities are part of a class of securities quoted on the Australian Stock Exchange Limited (ASX).

- **Convertible Note**

On 17 June 2015 the Company entered into a Convertible Note with Tasman Funds Management Pty Ltd ATF Tasman Investments Fund (ACN 168 145 524), a related party due to a common director, with the following key terms:

- AUD 1,400,000 unsecured Convertible Notes drawn down in two tranches:
 - AUD 900,000 on 17 June 2015.
 - AUD 500,000 on 19 June 2015 (together “**Convertible Note Proceeds**”).
- Convertible at a deemed issue price of AUD \$0.009 (155,555,556 shares)
- The Company may elect to redeem the convertible note after the completion of future proposed funding initiatives
- The Company must repay the Convertible Note proceeds, along with accrued interest of 12% per annum (if applicable), if the investor does not elect to convert the Convertible Notes
- Maturity date of 1 year

The Company applied the Convertible Note proceeds towards:

- A partial re-payment of an outstanding Convertible Note
- General working capital purposes
- Reducing trade creditors

In the quarter ended 30 September 2015, an additional AUD 250,000 was advanced to the Company increasing the Convertible Note to AUD 1,650,000. The terms of the additional AUD 250,000 are the same as the initial AUD 1,400,000 outlined above. The funds were used to assist with the Company’s general working capital requirements including those of its South African subsidiary, Stonewall Mining Pty Ltd.

- **Unsecured Working Capital Facility**

On 29 May 2015, Stonewall entered into a short-term working capital facility of up to AUD 1,000,000 with Hanhong New Energy Holdings Limited (**Hanhong**), a related party due to common directors. The facility enabled Stonewall to complete negotiations with a new funder for a significant injection of capital into the business.

On 12 June 2015, Hanhong subsequently agreed to increase the facility to AUD 1,200,000 (in order to assist the Company in the partial repayment of an outstanding Convertible Note).

The unsecured working capital facility was on terms that would be reasonable if negotiated on an arm’s length basis, and on 2 July 2015, the working capital facility was further varied such that repayment of the facility would be made through an issue of shares to Hanhong upon approval from shareholders at a price of AUD 0.009 per share. On 20 July 2015, the facility was fully drawn.

As noted above, on 19 August 2015, the working capital facility was fully discharged through the issue of 133,333,333 shares to Smart Vision Investment Group Ltd (a nominee of Hanhong New Energy Holdings Ltd) pursuant to the agreement made on 2 July 2015 and as approved by shareholders at the Extraordinary General Meeting (EGM) held on 17 August 2015.

- **Exercise of Put & Call Option Agreement, completing the acquisition of Stonewall Mining**

At the General Meeting of shareholders held on 4 August 2015, shareholders approved the issue of shares pursuant to the exercise of the Put & Call Option Agreement the Company held with South African based shareholders of Stonewall Mining Pty Ltd.

On 17 August 2015, the Company announced that following the exercise of the put and call option agreement with the remaining South African based shareholders of Stonewall Mining Pty Ltd, 79,520,240 shares were issued to the South African based shareholders in consideration for their shares in Stonewall Mining Pty Ltd, thus completing the acquisition of 100% of Stonewall Mining Pty Ltd by Stonewall Resources Limited as contemplated in the Share Sale Agreement the Company entered into in 2012.

The shares above were issued in accordance with shareholder approval granted at the Company's EGM held on 4 August 2015 and pursuant to the exercise of a Put & Call Option Agreement with South African based shareholders of Stonewall Mining Pty Ltd.

Arbitration

On 3 March 2015, Stonewall announced that it has served a notice of arbitration on Shandong Qixing Iron Tower Co. Ltd. This arbitration is to determine Stonewall's claim for damages against Shandong arising from the termination of the Share Sale Agreement (SSA), which Stonewall announced on 21 November 2014.

The claim made by Stonewall will be determined in accordance with Australian law and resolved by arbitration, in English, under the Hong Kong International Arbitration Centre rules. An award in favour of Stonewall will therefore be enforceable against Shandong in China by Chinese courts. The arbitration process could take up to 10-12 months to resolve.

- Notice of arbitration served on Shandong Qixing Iron Tower Co. Ltd (深圳 : 002359) for damages arising from the termination of the Share Sale Agreement
- The claim is for an amount not less than US\$110 million
- Tribunal hearing date has been set for 14 to 17 March 2016
- Stonewall remains determined to pursue its rights with the claim which is to be determined under Australian law with arbitration to be resolved in Hong Kong

This arbitration is to determine Stonewall's claim for damages against Shandong (深圳 : 002359) arising from the termination of the Share Sale Agreement (SSA), which Stonewall announced on 21 November 2014.

Shandong has been a listed company since 10 February, 2010 and its reasoning for terminating the purchase of Stonewall Mining remains unclear to Stonewall.

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

APCIG Loan

The Company entered into a loan agreement for up to AUD 5,000,000 (USD 4,000,000) with a lender, Australian Private Capital Investment Group (International) Ltd (**APCIG**), a company registered in the

British Virgin Islands in 2013 to assist with its working capital needs pending the completion of the deal with Shandong.

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

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

The Company's view is that the claims are without foundation and are otherwise considered being frivolous and vexatious. This is further supported by the fact that APCIG, or the individuals purporting to represent APCIG, have not commenced any legal proceedings in support of their allegations or contentions.

The Company is unable to take the matter further at this time.

Changes to Officeholders:

In June 2015, the Company welcomed two new directors, Mr Bill Richie Yang and Dr Yihao (Eric) Zhang to the board in accordance with the conditions precedent of completing the funding arrangements between the Company and Tasman Funds Management Pty Ltd ('**Tasman**') as announced on 17 June 2015. At the same time, the Company announced the resignation of Chairman, Mr David Murray and director, Mr Nathan Taylor.

OPERATIONS

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

- **The Pre-Mined Residue (PMR) Project**

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

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

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

Phase 1:

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

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

- Ramp up of production to the optimal levels for economical rate of production
- A scoping study has identified Ponieskrans as the preferred initial source for a scalable PMR project

A strategic review and detailed study into phase 2 of the PMR Project with the primary objective of the study to determine the optimal level of production and capitalisation of the PMR project, given the partial roll-out of Phase 1

Phase 3:

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

The TGME plant

Although the TGME Plant in Pilgrim's Rest was operational, in anticipation of and in preparation for commencement of mining the PMR, substantial repair and maintenance work has been completed.

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

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

TGME Projects include the following major sites:

- **Pre Mining Residue Project (PMR)**
The PMR discovery has upside potential to increase the mineral resources. Extensive sampling and analysis of the PMR was undertaken to determine grades, densities, metallurgical recoveries, process flows and quantities.
- **Ponieskrans**
The Ponieskrans project has been identified as one of the first PMR mining projects.

Stonewall Mining could target the easily accessible Ponieskrans underground.

- **Beta**

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

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

- **Vaalhoek**

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

- **PTD's**

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

Sabie Projects – South Africa

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

- **Rietfontein**

A conceptual study for the opening of the Rietfontein underground mine has been completed.

- **PMR**

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

Bosveld Mines – South Africa

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

Stonewall Resources - Australian Projects

- **Lucky Draw**

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

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ABOUT STONEWALL RESOURCES LIMITED

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

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

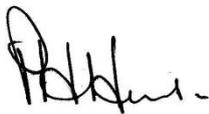
Beyond its current strategies, Stonewall has access to nearly 40 historical mines and prospect areas that can be accessed and explored.

For more information please visit: www.stonewallresources.com

For further information please contact:

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

Rod North, Managing Director,
Bourse Communications Pty Ltd
T: (03) 9510 8309 M: 0408 670 706
E: rod@boursecommunications.com.au



Peter Hunt
Company Secretary

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Stonewall Resources Limited

ABN

30 131 758 177

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	4	4
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration (e) direct production related	(3,482)	(3,482)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	513	513
1.5 Interest and other costs of finance paid	(345)	(345)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(3,310)	(3,310)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (including capitalised exploration and development costs)	(4)	(4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Rehabilitation Trust Fund)	(23)	(23)
Net investing cash flows	(27)	(27)
1.13 Total operating and investing cash flows (carried forward)	(3,337)	(3,337)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,337)	(3,337)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	4,453	4,453
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	250	250
1.17	Repayment of borrowings	(857)	(857)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,846	3,846
	Net increase (decrease) in cash held	509	509
1.20	Cash at beginning of quarter/year to date	213	213
1.21	Exchange rate adjustments to item 1.20	(158)	(158)
1.22	Cash at end of quarter	564	564

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	135
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

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

+ See chapter 19 for defined terms.

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	6,207	5,192
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	84
4.2 Development	86
4.3 Production	265
4.4 Administration	1,922
Total	2,357

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	564	213
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	564	213

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,313,917,634	1,313,917,634		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	594,444,444 <u>79,520,240</u> 673,964,684	594,444,444 <u>79,520,240</u> 673,964,684	\$0.009 N/A	\$0.009 N/A
7.5 +Convertible debt securities – 2 Convertible securities each with a face value of \$100,000 maturing on 28 January 2016 convertible at a conversion price of 85% of an average price calculation at the time of conversion into 1,680,672 fully paid ordinary shares each upon conversion.	Up to 3,361,344	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- Reduction in remaining face value of notes from \$900,000 to \$100,000 through election by Company to make repayment on receipt of conversion notices.			
7.7 Options Unlisted, unrestricted & unescrowed Unlisted, unrestricted & unescrowed	14,782,011 6,000,000		<i>Exercise price</i> \$0.200 \$0.043	<i>Expiry date</i> 28/11/2015 28/02/2018
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

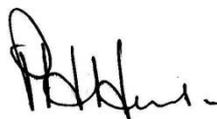
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Compliance statement

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

Sign here:



Date: 30 October 2015

Print name: Peter Hunt

Notes

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

+ See chapter 19 for defined terms.

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