

2 November 2017

Dear Shareholder

Offer to participate in Share Purchase Plan

On behalf of the Board of Stonewall Resources Limited (**Stonewall** or **Company**), I am pleased to offer you the opportunity to participate in a share purchase plan (**SPP**), under which you can apply for up to \$15,000 worth of ordinary shares in Stonewall at an issue price of \$0.019 per share (free of brokerage, duty and other transaction costs). A prospectus for the SPP is enclosed with this letter.

The issue price of \$0.019 represents a 24% discount to the volume-weighted average price of \$0.0249 per Stonewall share traded over the 10 trading days prior to and including the Record Date (5 September 2017 to 21 September 2017 inclusive).

Eligible shareholders will also be entitled to 1 free attaching listed option (**Option**) for every share subscribed. Each Option will be exercisable at \$0.03 per share and expire on 31 October 2020.

The funds raised are proposed to be used to advance the Company's gold projects including the Rietfontein high-grade underground project and the Project Bentley potential high-grade open-cut targets and for general working capital requirements, as follows –

Item	Proceeds of the SPP Offer	Full Subscription (\$)	%
1.	Rietfontein - Reserve definition drilling	2,000,000	32.05
2.	Rietfontein Pre-Feasibility Study	900,000	14.42
3.	Project Bentley - Resource definition drilling at Theta Hill and Columbia Hill	750,000	12.02
4.	General Project development	800,000	12.82
5.	Working capital	719,449	11.53
6.	Administration and corporate costs	1,000,000	16.03
7.	Expenses of the SPP Offer ¹	70,546	1.13
	Total	\$6,239,995	100%

The proposed work above follows on from the Company's recent announcements, notably the following –

Date	Announcement title
6 September 2017	Project Bentley Exploration Target
16 May 2017	Beta Scoping Study Reveals Potential Second Low Cost Mine
28 February 2017	Rietfontein Scoping Study Results

Copies of the announcements are available on the Company's website at www.stonewallresources.com/investorcentre.

On 16 May 2017, the Company announced a new resource estimate and scoping study for a combined two phase Rietfontein then Beta underground mine development to develop a 100,000oz per annum low capital and operating cost project based at the Company's TGME processing facilities at Pilgrim's Rest, South Africa. This followed an earlier announcement on 28 February 2017 of the results of the high grade Rietfontein Scoping Study, being the first phase of the development which indicated potential for a 60,000oz per annum low capex and operating cost project development. These studies were based on a brownfields concept of reopening historical high grade near surface adit entry underground mines with existing infrastructure in place. The scoping study was completed with experienced Johannesburg based consultants, including Minxcon for geology and resources and Bara Consulting for engineering including underground mining and gold processing.

The Rietfontein project is the core project for development and the preliminary feasibility study (**PFS**) work is now underway. Objectives of the planned Rietfontein work are to confirm the results of the scoping study, establish and declare mining reserves and to complete a high quality PFS for review by third parties and their assessment groups who may be interested in financing the project and assisting with funding of the PFS to bankable status.

The Company is excited at the prospects of confirming the high-grade resources and the Rietfontein Scoping Study.

A drilling programme of 8,900 metres at Rietfontein is planned to increase the JORC resource category from inferred to indicated. Contract discussions with South African drilling contractors to provide both RC and diamond drilling services are near completion.

Minxcon will continue with the geological and resource work in the PFS. Discussions with Minxcon have developed a strategy whereby opening up the old Rietfontein mine, along the existing adits that run the length of the deposit will provide additional sampling access points in conjunction with drilling from surface and thus provide the basis for increasing key resource areas to measured and allow declaration of mining reserves.

Bara will continue their scoping study work and complete the Rietfontien PFS.

The Company is working with an experienced underground mining contractor who operates in the nearby Barberton gold operations, to continue the underground accessing of Rietfontein from Adit 3 and open up this mine on multiple existing internal levels. Contract negotiations are nearly complete.

Additionally, the Company intends to commence drilling of the Project Bentley exploration areas identified in the announcement of 6 September 2017. Following an extensive integration of data collected historically from underground sampling and past drilling from surface, 3D geological computer modelling and geological interpretations with Minxcon identified exploration targets at both the Theta Hill and Columbia Hill areas. Computer 3D modelling had never been undertaken previously. The targets are in close proximity to historical shallow high grade underground mines which were amongst the richest in this field's 130 year operations history. A near surface exploration target of 3.4 Mt to 5.6Mt has been established for Theta Hill including the Lower Theta Seam with a target of 1.0Mt to 1.7Mt @ 16.6g/t Au to 26.6g/t Au.

The Theta Hill and Columbia Hill areas are amongst the earliest of the Pilgrim's Rest mining operations which began in the 1870"s and are located close to the TGME process plant. Drilling will test the potential for high grade open cut and underground resources. An initial drilling programme of 4,000 meters of RC and diamond drilling is planned.

As with Rietfontein and Beta, the Company is excited by the newly identified potential of the Project Bentley areas and especially with the potential for establishing open cut operations which would be complementary to the Rietfontein/Beta underground project, should the Project Bentley targets be confirmed.

The Stonewall group holds extensive ground in the Sabie - Pilgrim's Rest goldfield in Mpumalanga Province in South Africa. The tenements include 43 historical gold mines across 80kms of strike and 620km². The Company continues to work with Minxcon in reviewing the historical data of 130 years of operations that yielded 7 million ounces from high-grade and adit entry shallow mines. The Company continues to re-assess the potential of its extensive tenement area and over time more Project Bentley target exploration areas are expected to be identified.

The SPP provides the Company's existing shareholders with the opportunity to increase their shareholding in Stonewall at this exciting time. Participation in the SPP is optional. The offer is being made to shareholders who were registered holders of ordinary shares in the Company with an address in Australia or New Zealand at 7:00pm (AEDT) on 21 September 2017.

If there is a shortfall, the Directors reserve the right to place any shortfall shares under the SPP. Should the Company not raise the full amount contemplated under the

prospectus, the proposed exploration programme set out above will be scaled back or delayed.

I encourage you to read the terms and conditions set out in the prospectus carefully before deciding whether to participate in the SPP. If you are unsure whether to participate, you should contact your professional adviser. To apply, please follow the instructions in the prospectus. Your application must be received by 7:00pm (AEDT) on 23 November 2017.

The Board encourages you to consider this opportunity to increase your investment and thank you for your continued support.

Yours faithfully



Trevor Fourie
Chairman

STONEWALL RESOURCES LIMITED

ACN 131 758 177

SHARE PURCHASE PLAN PROSPECTUS

For an offer to Eligible Shareholders of up to 328,420,768 Shares and up to 328,420,768 free attaching SPP Options at an issue price of \$0.019 per Share to raise up to \$6,239,995 (**SPP Offer**).

Completion of the SPP Offer is conditional upon Shareholder approval being obtained at the Annual General Meeting. No Securities will be issued pursuant to the SPP Offer until such time as Shareholder approval has been obtained.

This Prospectus also contains an offer of up to 141,289,474 Options to be issued as free attaching to Shares to be issued under the Placement (**Placement Option Offer**).

SHARE PURCHASE PLAN INFORMATION

The Share Purchase Plan is currently scheduled to close at 7.00pm AEDT on 23 November 2017. Valid applications must be received by that time. Details of how to apply for Shares and SPP Options are set out in the Application Form accompanying this Prospectus.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Trevor Fourie (Non-Executive Chairman)
Mr Robert Thomson (Managing Director)
Mr Bill Richie Yang (Non-Executive Director)
Mr Yang (Simon) Liu (Non-Executive Director)
Dr Yihao (Eric) Zhang (Non-Executive Director)

Company Secretary

Mr Chin Haw Lim

Share Registry*

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney, NSW 2000

Telephone: 1300 737 760
Facsimile: +61 2 9290 9655

Auditor*

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

Registered Office

Level 18, 111 Pacific Highway
North Sydney, NSW 2060

Telephone: +61 2 9460 2021

Email: info@stonewallresources.com

Website: <http://stonewallresources.com/>

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth, WA 6000

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Event	Date (AEDT)
Record Date	21 September 2017
Announcement of SPP Offer	22 September 2017
Lodgement of Prospectus with ASIC	2 November 2017
Lodgement of Prospectus and Appendix 3B with ASX	2 November 2017
Opening Date of SPP Offer and Placement Option Offer	3 November 2017
Closing Date for SPP Offer** and Placement Option Offer	23 November 2017
Annual General Meeting	30 November 2017
Issue of Shares and SPP Options as approved at the Annual General Meeting	30 November 2017
Issue of Options under the Placement Option Offer	30 November 2017
Trading commences for Shares and SPP Options pursuant to the SPP Offer	6 December 2017

*These dates are indicative only and may change without prior notice.

** Subscribers under the SPP Offer should ensure that they have lodged their Acceptance Form by this date.

3. IMPORTANT NOTES

This Prospectus is dated 2 November 2017 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 ASIC Class Order on Share Purchase Plans

In certain circumstances a listed company may undertake a share purchase plan in accordance with ASIC Class Order CO 09/425 (**Class Order**). This Class Order allows a share purchase plan to be conducted without the use of a prospectus once in any consecutive 12 month period.

The Company is unable to rely on the Class Order because it has already undertaken a share purchase plan without a prospectus in April 2017. It is also unable to rely on the Class Order because the SPP Options to be issued under the SPP Offer are a new class of securities not quoted on the ASX. Accordingly, the Company is undertaking the SPP Offer under this Prospectus.

3.2 Conditional Offers

The Offers are conditional upon Shareholder approval being obtained at the Annual General Meeting for the issue of Securities under the Offers.

In the event that Shareholders do not approve the resolutions at the Annual General Meeting, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, Applicants will be reimbursed their Application monies (without interest).

3.3 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together

with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.4 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of applying for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with applying for Securities under this Prospectus.

3.5 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE SPP OFFER

4.1 The SPP Offer

As announced on 22 September 2017, the Company is undertaking an offer of Shares to existing Shareholders pursuant to a share purchase plan (**SPP** or **Share Purchase Plan**).

By this Prospectus, the Company invites Eligible Shareholders to apply for a total of 328,420,768 Shares at an issue price of \$0.019 per Share, together with one free attaching SPP Option for every Share subscribed for and issued, in order to raise up to \$6,239,995 (before costs) (**SPP Offer**).

Eligible Shareholders are entitled to apply for a maximum of \$15,000 worth of Shares (representing 789,473 Shares at an issue price of \$0.019 per Share), together with one free attaching SPP Option for every Share subscribed for and issued.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

All of the SPP Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2 of this Prospectus. All Shares issued on conversion of the SPP Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the SPP Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

4.2 Placement Option Offer

As announced on 27 October 2017, the Company is undertaking a separate placement to sophisticated and professional investors (**Placement**). The Company intends to raise up to \$2,684,500 by the issue of 141,289,474 Shares at an issue price of \$0.019 per Share, together with one free attaching Option for every Share subscribed for and issued.

Further details of the Placement are set out in the Company's ASX announcement entitled "Stonewall to initiate drilling following share placement" dated 27 October 2017, which is available on the Company's ASX announcements platform (ASX: SWJ).

By the Placement Option Offer under this Prospectus, the Company invites subscribers for Shares under the Placement to apply for the free attaching Options.

All of the Options offered under the Placement Option Offer will be issued on the terms and conditions set out in Section 6.2 of this Prospectus. All Shares issued on conversion of the Options will rank equally with the Shares on issue at the date of this Prospectus.

4.3 Shareholders eligible to participate

Only Eligible Shareholders may participate in the SPP Offer. 'Eligible Shareholders' for the purpose of the SPP Offer are Shareholders:

- (a) who were registered holders of Shares on the Record Date; and
- (b) whose registered address was in Australia or New Zealand.

If you are the only registered Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example because you hold Shares in more than one capacity), you may only apply for one parcel of Shares with a value of up to \$15,000. The Company reserves the right to reject any application for Shares under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

Participation in the SPP Offer is optional and is subject to the terms and conditions set out in this Prospectus.

4.4 Minimum subscription

There is no minimum subscription for the SPP Offer.

4.5 Applications

An application for the SPP Offer must be made on the Application Form accompanying this Prospectus. Pursuant to the SPP Offer, Eligible Shareholders may apply for a maximum of \$15,000 worth of Shares. Eligible Shareholders may participate by selecting one of the following options (**SPP Application Amount**) to purchase Shares under the SPP Offer:

	SPP Application Amount	Number of Shares which may be purchased	Number of free attaching SPP Options
Offer A	\$15,000	789,473	789,473
Offer B	\$10,000	526,315	526,315
Offer C	\$5,000	263,157	263,157
Offer D	\$2,500	131,578	131,578

Where the amount applied for results in a fraction of a Share the number of Shares issued will be rounded down to the nearest whole Share.

Any application monies received for more than an Applicant's final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded.

Eligible Shareholders may apply for the SPP Offer by completing the Application Form accompanying this Prospectus in accordance with the instructions outlined on the Application Form. Applications pursuant to the SPP Offer must only be made by those Eligible Shareholders invited to make an application under the SPP Offer.

The SPP Offer is non-renounceable, which means that Eligible Shareholders may not transfer their rights to any Shares offered under the SPP Offer.

The Company reserves the right to close the SPP Offer early.

If you require assistance in completing an Application Form, please contact the Company's share registry on 1300 737 760 or the Company on +61 2 9460 2021.

4.6 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Stonewall Resources Limited" and crossed "Not Negotiable".

Your completed Application Form and cheque must reach the Company's share registry no later than 7:00pm AEDT on the Closing Date.

4.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and
- (b) if you do not pay for your SPP Entitlement in full, you are deemed to have taken up your SPP Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 7:00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.8 Shortfall Offer

Any Shares (and free-attaching SPP Options) not taken up pursuant to the SPP Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.019 being the price at which Shares have been offered under the SPP Offer.

The Directors reserve the right to issue Shortfall Shares (together with free-attaching SPP Options) at their absolute discretion. Accordingly, do not apply for Shortfall Shares unless instructed to do so by the Directors.

4.9 Underwriting

The SPP Offer is not underwritten.

4.10 ASX listing

Application for Official Quotation of the Shares and SPP Options offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 2. If ASX does not grant Official Quotation of the Shares and SPP Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares or SPP Options and will repay all

application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares and SPP Options is not to be taken in any way as an indication of the merits of the Company or the Shares now offered.

Application for Official Quotation of the Shares to be issued on exercise of the SPP Options will be made in accordance with the ASX Listing Rules. The Company anticipates that quotation will occur soon after issue.

4.11 Issue

Securities issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Offers.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be mailed in accordance with the timetable set out at the commencement of this Prospectus.

4.12 Overseas shareholders

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Securities are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that applying for Shares under the Offers does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.13 Commissions payable

The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

4.14 Enquiries

Any questions concerning the Offers should be directed to Mr Chin Haw Lim, Company Secretary, on +61 2 9460 2021.

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Offers

The primary purpose of the SPP Offer is to raise up to \$6,239,995 (before costs and assuming full subscription). No funds will be raised from the issue of the SPP Options as they are free-attaching to Shares subscribed for under the SPP.

The funds raised from the SPP Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the SPP Offer	Full Subscription (\$)	%
1.	Rietfontein - Reserve definition drilling	2,000,000	32.05
2.	Rietfontein Pre-Feasibility Study	900,000	14.42
3.	Project Bentley - Resource definition drilling at Theta Hill and Columbia Hill	750,000	12.02
4.	General Project development	800,000	12.82
5.	Working capital	719,449	11.53
6.	Administration and corporate costs	1,000,000	16.03
7.	Expenses of the SPP Offer ¹	70,546	1.13
	Total	\$6,239,995	100%

Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the SPP Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

In preparing the above table of proposed uses of funds, the Directors had regard to the potential sources and timing of funds to be raised and the Company's funding requirements for project costs and working capital. Whilst the Directors had previously notionally applied the funds to be raised from the SPP Offer to working capital and a convertible note repayment, they now consider it more appropriate to apply the funds raised from the SPP Offer to a mix of project expenditure and working capital and to raise additional funds over time for working capital and the convertible note repayment (if not converted). The Company continues to actively engage with advisors and potential investors with a view to raising additional funds to supplement the raising proposed under this Prospectus.

If there is a shortfall under the SPP Offer, the directors have reserved the right to place the shortfall pursuant to the Shortfall Offer.

On completion of the Offer the Board believes the Company will have sufficient working capital to achieve the above objectives. However, to the extent the Offer is not fully subscribed, the Company will scale back the exploration work set out above and/or delay some of the work, while it seeks alternative sources of funding.

Subject to the results of the exploration work to be undertaken, additional funding may be required to advance the projects as deemed appropriate.

5.2 Effect of the Offers

The principal effect of the Offers, assuming all SPP Entitlements are accepted (either through the SPP Offer or subsequently taken up under the Shortfall Offer) and no existing Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$6,169,449 (after deducting the estimated expenses of the Offers) immediately after completion of the Offers;
- (b) increase the number of Shares on issue from 2,103,758,993 as at the date of this Prospectus to 2,432,179,761 Shares following completion of the Offers; and
- (c) increase the number of Options on issue from 375,383,848 as at the date of this Prospectus to 845,094,090 Options following completion of the Offers. This figure does not include the 21,000,000 Performance Rights on issue. Refer to Section 5.4 of this Prospectus for details of the Options and Performance Rights on issue as at the date of this Prospectus.

5.3 Pro-forma balance sheet

The audited balance sheet as at 30 June 2017 and the pro-forma balance sheet as at 30 June 2017 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all SPP Entitlements are accepted (either through the SPP Offer or subsequently taken up under the Shortfall Offer), no existing Options are exercised prior to the Record Date and including expenses of the SPP Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 30 JUNE 2017 USD'000	PROFORMA 30 JUNE 2017 USD'000
CURRENT ASSETS		
Cash ¹	1,055	5,801
Other current assets	715	715
TOTAL CURRENT ASSETS	1,770	6,516

	AUDITED 30 JUNE 2017 USD'000	PROFORMA 30 JUNE 2017 USD'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,336	1,336
Exploration and development expenditure ¹	9,604	9,604
Rehabilitation investment fund	1,356	1,356
TOTAL NON-CURRENT ASSETS	12,296	12,296
TOTAL ASSETS	14,066	18,812
CURRENT LIABILITIES		
Creditors and other liabilities	3,278	3,278
Borrowings	1,126	1,126
TOTAL CURRENT LIABILITIES	4,404	4,404
NON CURRENT LIABILITIES		
Borrowings	6,480	6,480
Provisions	1,194	1,194
TOTAL NON CURRENT LIABILITIES	7,674	7,674
TOTAL LIABILITIES	12,078	12,078
NET ASSETS (LIABILITIES)	1,988	6,734
EQUITY		
Share capital	62,134	66,934
Reserves	5,830	5,830
Accumulated losses	(65,976)	(66,030)
TOTAL EQUITY	1,988	6,734

5.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all SPP Entitlements are accepted (either through the SPP Offer or subsequently taken up under the Shortfall Offer) and no existing Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	2,103,758,993
Shares to be issued under the Placement	141,289,474
Shares offered pursuant to the SPP Offer	328,420,768
Total Shares on issue after completion of the SPP Offer	2,573,469,235

Options

	Number
Options currently on issue ¹	375,383,848
Options offered pursuant to the SPP Offer	328,420,768
Options offered pursuant to the Placement Option Offer	141,289,474
Total Options on issue after completion of the Offers	845,094,090

1. The terms of the Options are set out in the Appendix 3B released to the market on 21 July 2017.

Performance Rights

	Number
Performance Rights currently on issue ¹	21,000,000
Performance Rights offered pursuant to the Offers	Nil
Total Performance Rights on issue after completion of the Offers	21,000,000

1. The terms of the Performance Rights are set out in the Appendix 3B released to the market on 21 July 2017.

Convertible Notes

	Number
Convertible Notes currently on issue ¹	2
Convertible Notes offered pursuant to the Offers	Nil
Total Convertible Notes on issue after completion of the Offers	2

1. Tasman Funds Management Pty Ltd holds a Convertible Note with a face value of \$1,650,000 and a maturity day of 1 July 2017, subject to a standstill agreement as announced to the market on 18 January 2017. This is convertible at a deemed issue price of \$0.009 to a maximum of 183,333,334 Shares. Lind Partners hold a Convertible Note with a current face value of \$1,300,000 and a maturity date of 31 April 2019. This is convertible at a deemed issue price of \$0.019 per Share.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 2,751,897,227 Shares and on completion of the Offers (assuming all SPP Entitlements are accepted either through the SPP Offer or subsequently taken up under the Shortfall Offer) and no existing Options or Performance Rights are exercised prior to the Record Date) would be 3,550,028,237 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed, except for 5,00,000 shares voluntarily escrowed until 13 February 2019.

5.5 Details of substantial holders

Based on publicly available information as at 31 October 2017, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Tasman Funds Management Pty Ltd <Tasman Investment Funds A/C>	327,309,942	15.56
High Gift Investments Ltd	230,151,781	10.94
Best Wealth Winner Limited	195,555,556	9.29
Strong Wealth Development Limited	194,086,788	9.23
Khan International Limited	155,693,387	7.40

In the event all SPP Entitlements are accepted (either through the SPP Offer or subsequently taken up under the Shortfall Offer) there will be no change to the substantial holders on completion of the Offers, however the participation in the Shortfall Offer by any of the substantial holders may result in a change to their shareholding interest.

The Company has confirmed that no existing Shareholder of the Company will increase its shareholding to above 19.99% as a result of the SPP Offer or the Shortfall Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares, being the underlying securities of the SPP Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available on the Company's website and for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's constitution, the Corporations Act or the ASX Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as

against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 SPP Options and Options to be issued under the Placement Option Offer

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEDT) on 31 October 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option statement (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared

in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Going concern risk

The Company's annual financial report for the 12 months ended 30 June 2017 (released to ASX on 2 October 2017) includes a note on the financial condition of the Company and the possible existence of an inherent uncertainty about the consolidated entity's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the financial report for the 12 months ended 30 June 2017, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Section 7.2(e) below for further details.

In the event that the Offers are not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(b) Exploration risks

No assurance can be given that exploration will be successful or that a commercial mining operation will eventuate. The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There is no assurance that exploration and development of the mineral interests held by the Company (which are all at an exploration stage), or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an

apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary governmental and other regulatory approvals.

(c) Exploration and mining tenements

There are also risks relating to having an interest in exploration and mining tenements. Tenements located in the Republic of South Africa are subject to certain legislative conditions, periodic renewal, environmental laws, landowner access negotiation and agreement and other regulations across multiple regulatory bodies who may act at their sole discretion.

The tenements are also subject to meeting certain annual expenditure commitments imposed from time to time to keep them in good standing and any failure to meet such commitments can result in forfeiture of any such tenement(s).

(d) Exploration Costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(e) Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to scale back its exploration programmes, as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(f) Resource Estimations

Resources estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(g) **Environmental risk**

Mining operations have inherent risks and liabilities associated with pollution of the environment and disposal of waste products. The Company's activities in the Republic of South Africa will be subject to various laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. Development of any resources will be dependent on the project meeting environmental guidelines and gaining approvals from the relevant government authorities. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Despite the Company's best intentions and best efforts to conduct its activities in an environmentally responsible manner, there remains a risk that environmental and/or community incidents may occur that may negatively impact on the Company's reputation or licence to operate.

7.3 South Africa specific

(a) **Government, regulatory and sovereign risks**

The current and any proposed operations of the Company require government approvals in the form of the grant of mining leases, miscellaneous licences and environmental approvals. There is a risk that onerous conditions may be attached to the approvals or that the grant of approvals may be delayed or not granted. It is also possible that government action, policy change and new legislation in Australia, the Republic of South Africa and other jurisdictions may have a material adverse effect on the Company's current and future business, operations and financial performance.

For example, current laws may be amended or new laws established to address concerns relating to the use, mining and transportation of mineral resources, the treatment of lands and infrastructure, the production of carbon dioxide, the remediation of mines, tax, royalty and environmental conservation.

The future viability and profitability of the Company is also dependent on a number of other factors affecting performance of all industries in Australia and the Republic of South Africa and not just the exploration and mining industries, including, but not limited to, the following:

- (i) general currency exchange rate fluctuations;
- (ii) the strength of the equity and share markets in Australia and throughout the world;
- (iii) general economic conditions in Australia and the Republic of South Africa and their major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- (iv) financial failure or default by a participant in any of the Company projects or other contractual relationships to which the Company is, or may become, a party;
- (v) insolvency or other managerial failure by any of the contractors used by the Company in its activities;

- (vi) political and environmental considerations, as well as the social and economic processes under way in the Republic of South Africa that may adversely impact business operations; and
- (vii) industrial disputation or social unrest in the Republic of South Africa, Australia and overseas.

(b) **Black Economic Empowerment and Social Development**

The Company must comply and remain compliant with the South African Mining Charter, the Mining Codes and the black economic empowerment participation requirements and the approved social and labour plan in order to retain prospecting and mining rights. Any failure to satisfy and to continue to satisfy the black economic empowerment requirements of the MPRDA, the Charter, the approved social and labour plan and/or the Mining Codes could jeopardise any prospecting rights held and impede the Company's ability to acquire, develop or maintain any additional prospecting and mining rights.

On 15 June 2017 the South African government through the Minister of Mineral Resources legislated a revision to the current mining charter. On 14 July 2017 the mining charter was suspended pending the outcome of court action initiated by the Chamber of Mines. The revision to the mining charter has some proposed amendments regarding the percentages and make-up of Black Economic Empowerment ownership as well as a new section on the distribution of profits. Should the mining charter amendments be implemented in its entirety there may be an impact on future mining projects.

7.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward specific market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in

general and resource exploration stocks, in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(d) Competition risk

The industry in which the Company is involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(e) Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the profitability and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(g) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings other than as set out below and the Directors are not aware of any legal proceedings pending or threatened against the Company.

As announced on 15 September 2017, the Company has applied to the Beijing No. 4 Intermediate People's Court for an accelerated enforcement of its damages claim against Shandong Quixing Iron Tower Co. Ltd (renamed Northcom Group Limited) (**Northcom**). Additionally, the Company has filed complaints to both the China Securities Regulatory Commission and Shenzhen Stock Exchange for potentially misleading disclosures by Northcom.

The Company has agreed to pay Quatreforte Investment Trust, an entity controlled by Trevor Fourie (**Quatreforte**), a performance bonus of 1% of the amount received by the Company from Northcom under the damages claim.

8.2 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms, a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
31/10/2017	Quarterly Cashflow Report
31/10/2017	Quarterly Activities Report
30/10/2017	Notice of Annual General Meeting/Proxy Form
30/10/2017	Annual Report to shareholders
27/10/2017	Stonewall initiates drilling following share placement
25/10/2017	Investor presentation – October 2017
25/10/2017	Trading halt
24/10/2017	Revised Share Purchase Plan Timetable
18/10/2017	Appendix 3Y – Change of Director's Interest Notice – Richie Yang
11/10/2017	Revised Share Purchase Plan Timetable
04/10/2017	Appendix 3Y – Change of Director's Interest Notice – Richie Yang
03/10/2017	Appendix 3Y – Change of Director's Interest Notice – Simon Liu
02/10/2017	Appendix 4G – Corporate Governance Disclosures 30 June 2017
02/10/2017	Full Year Statutory Accounts 30 June 2017

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website: www.stonewallresources.com.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.027	6 September 2017
Lowest	\$0.018	9 October 2017,
Last	\$0.019	1 November 2017

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (d) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, is set out in the table below.

Director	Shares	Options	Performance Rights	Convertible Notes
Robert Thomson ¹	2,500,000	95,000,000	10,000,000	Nil
Trevor Fourie ²	27,009,166	24,000,000	Nil	Nil
Bill Yang ³	2,488,421	77,500,000	9,500,000	Nil
Yang Liu ⁴	130,194,723	19,000,000	Nil	Nil
Yihao Zhang ⁵	329,370,744	17,000,000	Nil	1 ⁶

Notes:

1. The Securities are held by Robert Thomson and Monterey Consolidated Services Pty Limited <Lorodaca Super Fund>, of which Mr Thomson is a director and a beneficiary of the superannuation fund.
2. The Securities are held by Trevor Fourie as trustee for Quatreforte Investment Trust and Jenala Investments Pty Ltd as trustee for TAF Superannuation Fund.
3. The Securities are held by Bill Richie Yang, Bill Richie Yang as trustee for Yana Family Super Fund and VS Capital Investments Pty Ltd as trustee for The Exponential Family Trust, of which Mr Yang is a director.
4. The Securities are held by Yang Liu, Hanhong New Energy Holdings Ltd of which Mr Liu holds a 37.5% interest and Smart Vision Investment Group Ltd of which Mr Liu holds a 50% interest.
5. The Securities are held by Eric Zhang, and Tasman Funds Management Pty Ltd as trustee for Tasman Investments Fund, of which Mr Zhang is a director.
6. The Convertible Note has a face value of AUD\$1,650,000 maturing on 1 July 2017 (subject to a standstill agreement between the parties as announced to the ASX on 18 January 2017). The Convertible Note is convertible to a maximum of 183,333,334 fully paid ordinary shares upon conversion by the noteholder at \$0.009 per share.

Subject to Shareholders approval at the Annual General Meeting on 30 November 2017, Messrs Trevor Fourie, Robert Thomson and Eric Zhang or their related entities, being Eligible Shareholders, intend to take up their SPP Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$600,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options and/or performance rights, subject to any necessary

Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	2018 (Proposed salary/ director fees) (AUD)	2017 Salary/Director fees (AUD)	2016 Director fees (AUD)
Robert Thomson ¹	\$270,052	\$133,000	N/A
Trevor Fourie ²	\$75,000	\$353,663	99,000
Bill Yang ³	\$170,000	\$201,450	63,600
Yang Liu ⁴	\$50,000	\$50,300	50,400
Yihao Zhang ⁵	\$50,000	\$54,800	50,400

Notes:

1. In addition to the cash based payment set out in the table above, Robert Thomson's remuneration includes the issue of securities, comprised of 2,500,000 Shares for the 2017 financial year and 95,000,000 Options and 10,000,000 Performance Rights issued on 20 July 2017 for the 2018 financial year.
2. In addition to the cash based payment set out in the table above, Trevor Fourie's remuneration includes the issue of securities, being 15,000,000 Options for the 2017 financial year and 9,000,000 Options issued on 20 July 2017 for the 2018 financial year.
3. In addition to the cash based payment set out in the table above, Bill Richie Yang's remuneration includes the issue of securities, being 25,000,000 Options for the 2017 financial year and 52,500,000 Options and 9,500,000 Performance Rights issued on 20 July 2017 for the 2018 financial year.
4. In addition to the cash based payment set out in the table above, Yang Liu's remuneration includes the issue of securities, being 10,000,000 Options for the 2017 financial year and 4,000,000 Options issued on 20 July 2017 for the 2018 financial year.
5. In addition to the cash based payment set out in the table above, Yihao Zhang's remuneration includes the issue of securities, being 10,000,000 Options for the 2017 financial year and 4,000,000 Options issued on 20 July 2017 for the 2018 financial year.

The terms and conditions of the Options and Performance Rights issued to the directors are set out in the Directors' Report section of the audited Financial Report for the year ended 30 June 2017 lodged with ASX on 2 October 2017.

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$26,994.50 (excluding GST and disbursements) for legal services provided to the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the

ASIC.

8.7 Expenses of the offer

In the event that all SPP Entitlements are accepted, the total expenses of the Offers are estimated to be approximately \$70,546 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,400
ASX fees	50,146
Legal fees	10,000
Printing and distribution	3,000
Miscellaneous	5,000
Total	<u>70,546</u>

* The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. For those applications made directly to and accepted by the Company no broker commissions will be payable.

8.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 2 9460 2021 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at <http://stonewallresources.com/>.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification

Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Trevor Fourie
Director
For and on behalf of
STONEWALL RESOURCES LIMITED

10. **GLOSSARY**

\$ means the lawful currency of the Commonwealth of Australia.

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Annual General Meeting means the annual general meeting of the Company to be held on 30 November 2017.

Applicant means a person who applies for Shares and SPP Options pursuant to the Offers.

Application Form means an Application Form.

Application Form means the SPP Entitlement and acceptance form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means Stonewall Resources Limited (ACN 131 758 177).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholders means Shareholders:

- (a) who were registered holders of Shares on the Record Date; and
- (b) whose registered address was in Australia or New Zealand.

Offers means the SPP Offer and the Shortfall Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Placement has the meaning given in Section 4.2.

Placement Option Offer means the offer under this Prospectus of up to 141,289,474 Options, to be issued as free attaching to Shares subscribed for under the Placement.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus

Securities means Shares and/or SPP Options offered pursuant to the SPP Offer and the Shortfall Offer.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the SPP Offer (if any).

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.8 of this Prospectus.

Shortfall Securities means those Securities issued pursuant to the Shortfall Offer.

SPP Entitlement means the entitlement of an Eligible Shareholder to participate in the SPP Offer.

SPP Offer means the offer of Shares and SPP Options to Eligible Shareholders as set out in Section 4.1 of this Prospectus.

SPP Option means an Option to be issued as free attaching to Shares issued under the SPP Offer on a one for one basis on the terms set out in Section 6.2 of this Prospectus.

SPP Optionholder means a holder of an SPP Option.

USD means the lawful currency of the United States of America.