



STONEWALL RESOURCES LIMITED
ACN 131 758 177
NOTICE OF GENERAL MEETING

TIME: 2:00pm (AEST)
DATE: Friday, 10 August 2018
PLACE: Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

**THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY.
PLEASE READ IT CAREFULLY.**

If you are unable to attend the General Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions set out on that form. If you are in any doubt as to how to vote, you should consult your financial or legal adviser as soon as possible. Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact the Company Secretary on (+61 2) 9460 2021.

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Stonewall Resources Limited (the **Company**) will be held at:

Venue: Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

Date: 2:00pm (AEST), Friday, 10 August 2018

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Statement.

Voting Exclusion Statements

The Company will disregard any votes cast on:

Resolutions 1 and 5 by:

- Fineway Creation Limited and its associates;

Resolutions 2 to 4 by:

- a person who participated in the issue and any of their associates;

Resolutions 6 to 11 by:

- the named Directors and former Director and their associates;

Resolution 12 by:

- Tasman Funds Management Pty Ltd and its associates;

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Important Information Concerning Proxy Votes on Resolutions 6 to 11

The Corporations Act restricts the ability of Key Management Personnel, including Directors, and their Closely Related Parties to vote on resolutions connected directly or indirectly with the remuneration of the Key Management Personnel. Their Closely Related Parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and consider appointing someone other than one of the Key Management Personnel; as such persons may not be able to vote undirected proxies. Shareholders are also encouraged to direct their proxy as to how to vote on all Resolutions. If you do not do so, you risk your vote not being cast.

Undirected proxies held by relevant Key Management Personnel or their Closely Related Parties will not be voted on Resolutions 6 to 11.

Voting Intentions of Chairman

The Chairman intends to vote all undirected proxies in favour of Resolutions 1 to 5 and 12. The Chairman will not vote any undirected proxies in relation to Resolutions 6 to 11.

AGENDA

RESOLUTION 1 – APPROVAL TO ISSUE SHARES TO UNRELATED PARTY UNDER SUBSCRIPTION AGREEMENT

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 300,000,000 Shares at an issue price each not less than 80% of the volume weighted average price for Shares on the five trading days prior to the date of issue of the Shares on which sales were recorded, to Fineway Creation Limited on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER ASX LISTING RULE 7.1

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 183,337,802 Shares on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF LISTED OPTIONS UNDER ASX LISTING RULE 7.1

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 155,827,349 listed Options on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF UNLISTED OPTIONS UNDER ASX LISTING RULE 7.1

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,279,688 unlisted options on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER ASX LISTING RULE 7.1A

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 15,909,090 Shares to Fineway Creation Limited on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 6 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A DIRECTOR, MR TREVOR FOURIE IN SATISFACTION OF OUTSTANDING FEES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 14,952,631 Shares and 14,952,631 free attaching Options at a price of \$0.019 per Share to a director, Mr Trevor Fourie or his nominee, in satisfaction of outstanding director fees on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 7 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A DIRECTOR, MR BILL RICHIE YANG IN SATISFACTION OF OUTSTANDING FEES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 5,289,473 Shares and 5,289,473 free attaching Options at a price of \$0.019 per Share to a director, Mr Bill Richie Yang or his nominee, in satisfaction of outstanding director fees on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 8 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A DIRECTOR, YANG (SIMON) LIU IN SATISFACTION OF OUTSTANDING FEES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 9,794,736 Shares and 9,794,736 free attaching Options at a price of \$0.019 per Share to a director, Mr Yang (Simon) Liu or his nominee, in satisfaction of outstanding director fees on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 9 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A DIRECTOR, MR CHARLES WILLIAM (BILL) GUY IN SATISFACTION OF OUTSTANDING FEES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 3,550,736 Shares and 3,550,736 free attaching Options at a price of \$0.019 per Share to a director, Mr Charles William (Bill) Guy or his nominee, in satisfaction of outstanding director and consulting fees on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 10 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A FORMER DIRECTOR, MR YIHAO (ERIC) ZHANG IN SATISFACTION OF OUTSTANDING FEES

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 2,891,210 Shares and 2,891,210 free attaching Options at a price of \$0.019 per Share to a former director, Mr Yihao (Eric) Zhang or his nominee, in satisfaction of outstanding director fees on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 11 – APPROVAL TO ISSUE SHARES AND OPTIONS TO A DIRECTOR, MR ROBERT THOMSON IN SATISFACTION OF OUTSTANDING SALARY

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of 1,842,105 Shares and 1,842,105 free attaching Options at a price of \$0.019 per Share to a director, Mr Robert Thomson or his nominee, in satisfaction of outstanding salary on the terms and conditions set out in the Explanatory Statement.”

RESOLUTION 12 – APPROVAL TO ISSUE SHARES TO RELATED PARTY UPON CONVERSION OF CONVERTIBLE NOTE

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of Shares to a related party, Tasman Funds Management Pty Ltd, or its nominee, on conversion of a convertible note and on the terms and conditions set out in the Explanatory Statement.”

Voting at the meeting

1. Under *Corporations Regulation 7.11.37*, the Board has determined that a person's entitlement to vote at the meeting will be the entitlement of that person appearing on the register of members at 7.00pm (Sydney Time) on 8 August 2018.
2. On a show of hands you have one vote. On a poll you have one vote per Share you hold in the Company.
3. If Shares are jointly held, only one of the joint holders is entitled to vote.
4. In order to vote, a corporation which is a Shareholder may appoint a person to act as its representative. The appointment must comply with sections 250D and 253B of the Corporations Act. The representative should bring to the meeting duly executed evidence of the appointment.
5. The form of proxy accompanies this Notice of Meeting. A member entitled to attend and vote at the meeting has a right to appoint a proxy (individual or body corporate). Any person appointed as a proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion and number of votes that each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the member's votes. If a member appoints two proxies, neither may vote on a show of hands.
6. To be effective, the form appointing the proxy, together with any authority under which it was executed, or a certified copy of that authority, must be received not less than 48 hours before the time of holding the meeting.

BY MAIL: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

BY FAX: + 61 2 9290 9655

IN PERSON: Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

By Order of the Board

Chin Haw Lim
Company Secretary
Dated: 6 July 2018

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at a General Meeting of the Company to be held on 10 August 2018 at 2.00pm (AEST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolution in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting.

RESOLUTION 1 – APPROVAL TO ISSUE SHARES TO UNRELATED PARTY UNDER SUBSCRIPTION AGREEMENT

1.1 General

As announced to ASX, the Company has entered into a Subscription Agreement (“Agreement”) dated 1 May 2018 with an unrelated party, Fineway Creation Limited (“Fineway”). Under the Agreement, Fineway agreed to subscribe for \$5,000,000 worth of Shares on the following terms and conditions:

- a) Tranche 1 placement of \$2,000,000 worth of Shares at an issue price of \$0.011 per Share within 30 days of the Agreement (**Tranche 1 Shares**). The Tranche 1 Shares were issued by the Company on 10 May 2018 and 5 June 2018, respectively (see Resolutions 2 and 5 below);
- b) Tranche 2 placement of \$3,000,000 worth of Shares at an issue price equal to the 20 day VWAP as determined immediately before the issue of all or each part of these Shares (**Tranche 2 Shares**);
- c) Tranche 2 placement to be subject to shareholder approval;
- d) Completion of Tranche 2 within 60 days of shareholder approval (“Completion Date”); and
- e) All Shares, both Tranche 1 Shares and Tranche 2 Shares, will be escrowed for 12 months from the Completion Date.

The Tranche 1 placement was completed in two tranches, on 10 May and 5 June 2018, by the issue of a total of 181,818,180 Shares to Fineway at an issue price of \$0.011 per Share (see Resolutions 2 and 5 below).

Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the Tranche 2 Shares, being the placement of \$3,000,000 worth of Shares at an issue price equal to the 20 day VWAP as determined immediately before the issue of all or each part of the Tranche 2 Shares.

1.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

By approving this issue, the Company will be allowed to issue the Shares without using the Company’s 15% annual placement capacity under ASX Listing Rule 7.1, thus will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.3 Technical information required by ASX Listing Rule 7.3

The following information is provided pursuant to and in accordance with ASX Listing Rule 7.3:

- (a) The maximum number of Shares to be issued is 300,000,000. Under the Agreement, the maximum number of Shares to be issued is such number of Shares determined by dividing the total subscription amount under Tranche 2 (i.e. \$3,000,000) by the 20 day VWAP. ASX Listing Rule 7.3.1 requires the notice of meeting to state the maximum number of Shares that will be issued. For this purpose, the Company has determined that the number of Shares to be issued will be no more than 300,000,000 on the assumption that the issue price will be at least \$0.010 per Share. The following table shows the number of Shares to be issued for a range of 20 day VWAPs.

Subscription amount	20 day VWAP	Number of Shares to be issued
\$3,000,000	\$0.010	300,000,000
\$3,000,000	\$0.015	200,000,000
\$3,000,000	\$0.020	150,000,000

- (b) The Shares will be issued within 3 months after the date of the Meeting (or such later date as permitted by any waiver or modification of the ASX Listing Rules granted by the ASX);
- (c) The Shares will be issued at a price equal to at least 80% of the volume weighted average price for Shares, calculated over the last 5 days on which sales in the Shares were recorded immediately before the issue of all or each part of the Tranche 2 Shares;
- (d) The Shares will be issued to Fineway Creation Limited (Hong Kong registration number 1447328) (or its nominee), an unrelated party of the Company;
- (e) The Shares to be issued will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares. The Shares will, upon issue, rank equally with all other Shares on issue and otherwise will be subject to the provisions of the Constitution. The Company will seek quotation of the Shares on ASX; and
- (f) Funds raised from the issue will be used for exploration expenditure (including drilling and resource delineation activities), general administration and corporate costs, payment of creditors and loan repayments.
- (g) The issue of the Shares will occur progressively during the period referred to in paragraph (b) above.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1.

RESOLUTIONS 2 TO 4 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS UNDER ASX LISTING RULE 7.1

2.1 General

Between 6 November 2017 and 5 June 2018, the Company issued 183,337,802 Shares, 155,827,349 listed Options and 7,279,688 unlisted options under ASX Listing Rule 7.1, details of which are set out below.

Date	Description	Number of Shares	Number of listed Options (ASX: SWJO)	Number of unlisted options
14 Dec 2017	Free attaching Options to share placements on 6 November and 14 November 2017 pursuant to SPP prospectus dated 2 November 2017	-	138,398,637	-
16 Jan 2018	Part of fee payable to lead manager for November 2017 share placement. Options exercisable at \$0.019 by 15 January 2020	-	-	7,279,688
20 Apr 2018	Settlement of outstanding debts, issued at \$0.019 per Share each with a free attaching Option	17,428,712	17,428,712	-
10 May 2018	Tranche 1 Shares issued to Fineway Creation Limited at \$0.011 per Share pursuant to Subscription Agreement	90,909,090	-	-
05 Jun 2018	Tranche 1 Shares issued to Fineway Creation Limited at \$0.011 per Share pursuant to Subscription Agreement	75,000,000	-	-
Total		183,337,802	155,827,349	7,279,688

Resolutions 2 to 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the above securities.

2.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

2.3 ASX Listing Rule 7.4

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

The issues did not breach ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.4 Technical information required by ASX Listing Rule 7.5

The following information is provided pursuant to and in accordance with ASX Listing Rule 7.5:

- (a) 183,337,802 Shares, 155,827,349 listed Options and 7,279,688 unlisted options were issued;
- (b) The issue prices were:
 - Shares: \$0.011 and \$0.019 per Share as detailed in the above table;
 - Listed Options (exercisable at \$0.03 by 31 October 2020): Nil as they were issued free attaching with the Shares on a one (1) for one (1) basis; and
 - Unlisted options (exercisable at \$0.019 by 15 January 2020): Nil as they were issued to the lead manager for the November 2017 share placement in consideration for services provided.
- (c) The Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
The Listed Options (ASX: SWJO) are exercisable at \$0.03 by 31 October 2020.
The unlisted options are exercisable at \$0.019 by 16 January 2020.
- (d) The Shares and Options were issued to clients of Peak Asset Management (the lead manager), Peak Asset Management, creditors and Fineway Creation Limited, as specified in the above table. These subscribers are not related parties of the Company; and
- (e) The funds raised from the issues were used for exploration expenditure (including drilling and resource delineation activities), general administration and corporate costs, payment of creditors and loan repayments.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolutions 2 to 4.

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER ASX LISTING RULE 7.1A

3.1 General

On 5 June 2018, the Company issued 15,909,090 Shares under ASX Listing Rule 7.1A to Fineway Creation Limited pursuant to the Subscription Agreement referred to in Resolution 1. The Shares formed part of the Tranche 1 placement completed on 5 June 2018.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the above Shares.

3.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables certain 'eligible entities' to issue equity securities of up to 10% of their issued share capital through placements over a 12 month period commencing after the Annual General Meeting ("Additional Placement Capacity"). The Additional Placement Capacity is in addition to the Company's

15% placement capacity under ASX Listing Rule 7.1 and was approved by Shareholders at the Annual General Meeting on 30 November 2017.

3.3 ASX Listing Rule 7.4

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1A.

The issue did not breach ASX Listing Rule 7.1A.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the Additional Placement Capacity set out in ASX Listing Rule 7.1A.

3.4 Technical information required by ASX Listing Rule 7.5

The following information is provided pursuant to and in accordance with ASX Listing Rule 7.5:

- (a) 15,909,090 Shares were issued;
- (b) The Shares were issued at \$0.011 per Share;
- (c) The Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) The Shares were issued to Fineway Creation Limited pursuant to the Subscription Agreement referred to in Resolution 1; and
- (e) The funds raised from the issues were used for exploration expenditure (including drilling and resource delineation activities), general administration and corporate costs, payment of creditors and loan repayments.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

RESOLUTION 6 TO 11 – APPROVAL TO ISSUE SHARES AND OPTIONS TO DIRECTORS, MESSRS TREVOR FOURIE, BILL RICHIE YANG, YANG (SIMON) LIU, CHARLES WILLIAM (BILL) GUY, YIHAO (ERIC) ZHANG AND ROBERT THOMSON, IN SATISFACTION OF OUTSTANDING FEES AND SALARY

4.1 General

Messrs Trevor Fourie, Bill Richie Yang, Yang (Simon) Liu and Charles William (Bill) Guy are Non-Executive Directors of the Company. Mr Yihao (Eric) Zhang was a Non-Executive Director until 13 June 2018. Mr Robert Thomson is the Managing Director of the Company. Messrs Fourie, Yang, Liu, Guy and Zhang are owed director and consulting fees and Mr Thomson is owed salaries by the Company.

A large part of the fees owing to Messrs Fourie, Yang, Liu and Zhang are legacy director fees, being director fees that accrued up to 31 December 2016. In the past, the directors had deferred the fees to assist the Company with cash flow and to maximise operational expenditure. As the outstanding amounts have become significant and mindful of the need to continue to conserve the Company's limited cash resources, the directors have mutually agreed to deal with the outstanding fees in such a way as to improve the balance sheet whilst still conserving cash.

Accordingly, the Company proposes to issue Shares and Options to Messrs Fourie, Yang, Liu and Zhang in satisfaction of the legacy director fees. Similarly, the Company proposes to issue Shares and Options to Messrs Thomson and Guy to settle part of the current fees and salary owed to them by the Company. The Shares will be issued at \$0.019 per Share, each with an attaching Option (ASX: SWJO) exercisable at \$0.03 by 31 October 2020. The issue price of \$0.019 per Share plus the free attaching Option is based on the equity raisings in November/December 2017 and February 2018, being share placements to sophisticated investors as well as a SPP offer to shareholders.

The amounts owing and the number of Shares and Options proposed to be issued to the Directors are:

Director	Outstanding fees and salary at 30 June 2018	Amount of fees and salary to be settled in Shares and Options	Number of Shares to be issued at \$0.019 per Share	Number of free attaching listed Options (ASX: SWJO)
Trevor Fourie	\$315,350	\$284,100	14,952,631	14,952,631
Bill Richie Yang	\$250,986	\$100,500	5,289,473	5,289,473
Simon Liu	\$211,103	\$186,100	9,794,736	9,794,736
Eric Zhang	\$93,641	\$54,933	2,891,210	2,891,210
Bill Guy	\$74,210	\$67,464	3,550,736	3,550,736
Robert Thomson	\$183,621	\$35,000	1,842,105	1,842,105
Total	\$1,128,911	\$728,097	38,320,891	38,320,891

Resolutions 6 to 11 seek Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of 38,320,891 Shares and 38,320,891 free attaching Options to the Directors as set out in the table above.

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Shares and Options constitutes giving a financial benefit and Messrs Fourie, Yang, Liu, Zhang, Guy and Thomson are related parties of the Company by virtue of being current and former Directors.

4.3 Reasonable remuneration

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares and Options because the proposal to issue the Shares and Options in lieu of the outstanding fees and salary, is considered reasonable remuneration under section 211 of the Corporations Act, given the circumstances of the Company and the issue price. For this reason, the Company is not seeking Shareholder approval of Resolution 4 for the purposes of Chapter 2E of the Corporations Act.

On the date of preparation of this Notice, the last prices of the securities traded on ASX were \$0.012 for a Share and \$0.002 for an Option, being a total of \$0.014 per Share and attaching Option, which is less than the \$0.019 issue price agreed by the Board.

4.4 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities to a related party unless an exception in ASX Listing Rule 10.12 applies. None of the exceptions are relevant to Resolution 4.

Separate approval pursuant to ASX Listing Rule 7.1 is not required to issue the Shares and Options to the Directors, as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares and Options to the Directors will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1.

4.4 Technical information required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the Shares and Options will be issued to Messrs Trevor Fourie, Bill Richie Yang, Simon Liu, Eric Zhang, Bill Guy and Robert Thomson, related parties of the Company by virtue of being current or former Directors;
- (b) the maximum number of securities to be issued is 38,320,891 Shares and 38,320,891 Options, issued among the current or former Directors as shown in the table above.
- (c) the Shares and Options will be issued no later than 1 month after the date of the Meeting;
- (d) each of the recipients is a current or former Director of the Company;
- (e) the Shares will be issued at \$0.019 per Share, each with a free attaching listed Option exercisable at \$0.03 by 31 October 2020 (ASX: SWJO);
- (f) the Shares and Options will be issued in satisfaction of director and consulting fees and salaries, accordingly no funds will be raised;
- (g) the Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares. The Shares will, upon issue, rank equally with all other Shares on issue and otherwise will be subject to the provisions of the Constitution. The Company will seek quotation of the Shares on ASX; and
- (h) The Options are exercisable at \$0.030 per Share by 31 October 2020 on the same terms and conditions as the Company's existing listed Options (ASX: SWJO).

Directors' Recommendation

The Directors decline to make a recommendation to Shareholders in relation to Resolutions 6 to 11 due to their material personal interest in the outcome of the Resolutions.

RESOLUTION 12 – APPROVAL TO ISSUE SHARES TO RELATED PARTY UPON CONVERSION OF CONVERTIBLE NOTE

5.1 General

In June 2015, the Company entered into a Convertible Note Agreement (**Convertible Note**) with Tasman Funds Management Pty Ltd ATF Tasman Investments Fund (**Tasman**) pursuant to which Tasman provided a loan of \$1,400,000 to the Company. At a general meeting of the Company held on 4 August 2015, the issue of the Convertible Note to Tasman was ratified by the shareholders of the Company pursuant to ASX Listing Rule 7.4 for the purposes of ASX Listing Rules 7.1 and 7.4 and for all other purposes. The amount of the Convertible Note was increased to \$1,650,000 pursuant to a Deed of Variation in July 2016.

Tasman is a funds management company associated with Mr Guyang (Brett) Tang who was appointed a Non-Executive Director of the Company on 3 July 2018 and Mr Yihao (Eric) Zhang, who was a Non-Executive Director of the Company until 13 June 2018.

Tasman has the right to convert the Convertible Note into Shares in the Company at a conversion price of \$0.009 per Share.

A summary of the material terms and conditions of the Convertible Note Agreement are set out below.

Loan

Pursuant to the Convertible Note (as amended), Tasman advanced a total of \$1,650,000 to the Company.

Security

The Convertible Note is unsecured.

Interest

Interest accrues at a rate of 12% per annum up to 31 December 2017 and at 10% per annum from 1 January 2018. As at 30 June 2018, a total amount of \$2,233,077, including accrued interest, remains outstanding under the Convertible Note (see table at section 5.4 below for further information).

Maturity Date and Repayment

If Tasman does not elect to convert, the Convertible Note is repayable with interest. The Convertible Note was initially repayable on 15 June 2016. The maturity date was subsequently extended to 1 July 2017. Since that date, the Convertible Note has been subject to the Standstill Agreement referred to below.

Conversion

Tasman may elect to convert the Convertible Note including accrued interest into Shares in the Company at a price of \$0.009 per Share.

Standstill Agreement

In January 2017, the Company entered into a Convertible Security Funding Agreement with The Australian Special Opportunity Fund, LP (**ASOF**) a fund managed by Lind Partners, LLC which provided for a convertible security facility under which ASOF provided an advance to the Company in the amount of \$2,600,000.

As a condition of the Convertible Security Funding Agreement with ASOF, Tasman agreed to and entered into a standstill agreement with ASOF pursuant to which Tasman agreed not to demand repayment of the Convertible Note during the term of the Convertible Security Funding Agreement.

The Company expects Tasman to exercise its right to convert the Convertible Note including accrued interest in accordance with its terms, subject to ASOF consenting to the conversion.

Resolution 12 seeks Shareholder approval pursuant to ASX Listing Rule 10.11 and for all other purposes for the issue of Shares to Tasman or its nominees on conversion of the Convertible Note.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares constitutes giving a financial benefit and Tasman is a related party of the Company by virtue of being associated with Mr Guyang (Brett) Tang who was appointed a Non-Executive Director of the Company on 3 July 2018 and Mr Eric Zhang, who resigned from his position as a Director on 13 June 2018.

The Directors (excluding Messrs Tang and Zhang) have considered the application of Chapter 2E of the Corporation Act with respect to the proposed issue of Shares to Tasman on conversion of the Convertible Note and formed the view that the arm's length exception in section 210 of the Corporation Act applies because the terms on which the Convertible Note was issued to Tasman in June 2015 were reasonable in the circumstances as the Company and Tasman were dealing at arm's length. In particular, the Convertible Note agreement was negotiated prior to Mr Zhang and Mr Tang becoming Directors of the Company and the conversion price of \$0.009 per Share agreed in the Convertible Note Agreement is a reasonable price having regard to the market price of the Company's shares at that time.

For the reasons above, the Company has not lodged any material with ASIC and is not seeking Shareholder approval for the proposed issue of Shares on conversion of the Convertible Note for the purposes of Chapter 2E of the Corporations Act.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party unless an exception in ASX Listing Rule 10.12 applies. None of the exceptions are relevant to Resolution 12.

Separate approval pursuant to ASX Listing Rule 7.1 is not required as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares to Tasman will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

5.4 Technical information required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 12:

- (a) the Shares will be issued to Tasman Funds Management Pty Ltd or its nominees. Tasman is a related party of the Company by virtue of being associated with Mr Guyang (Brett) Tang who was appointed a Non-Executive Director of the Company on 3 July 2018 and Mr Eric Zhang, who resigned from his position as a Director on 13 June 2018;
- (b) the maximum number of Shares to be issued will be the total value of the Convertible Note (being the loan of \$1,650,000 plus accrued interest calculated up to the conversion date) divided by the conversion price of \$0.009 per Share. By way of example, the table below shows the total value of the Convertible Note at various dates and the number of Shares that will be issued if conversion occurs on those dates.

Date	Loan	Accrued Interest	Total Convertible Note	Number of Shares to be issued on conversion at \$0.009 per Share
30 Jun 2018	\$1,650,000	\$583,077	\$2,233,077	248,119,666
31 Jul 2018	\$1,650,000	\$597,090	\$2,247,090	249,676,666
31 Aug 2018	\$1,650,000	\$611,104	\$2,261,104	251,233,777
30 Sep 2018	\$1,650,000	\$624,666	\$2,274,666	252,740,666

- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date as permitted by any waiver or modification of the ASX Listing Rules granted by the ASX);
- (d) the Shares will be issued at an issue price of \$0.009 per Share;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares. The Shares will, upon issue, rank equally with all other Shares on issue and otherwise will be subject to the provisions of the Constitution. The Company will seek quotation of the Shares on ASX; and
- (f) the Shares will be issued on conversion of a Convertible Note, accordingly no funds will be raised.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or Meeting means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option quoted on ASX (ASX: SWJO) to acquire a Share at \$0.03 per Share by 31 October 2020.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a registered holder of a Share.

SPP means share purchase plan.

VWAP means the volume weighted average market price of the Company's Shares trading on the ASX.



All Correspondence to:

-  **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded before 2:00pm AEST on Wednesday 8 August 2018.

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.




Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm AEST on Wednesday 8 August 2018**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
-  **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Stonewall Resources Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 on Friday 10 August 2018 at 2:00pm AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting's Voting Intentions

The Chair of the Meeting will vote all undirected proxies in favour of Resolutions 1 – 5 and Resolution 12.
The Chair of the Meeting will **not** vote any undirected proxies in relation to Resolutions 6 - 11.

If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote for, against, or to abstain from voting on an item, you must provide a direction by marking the 'For', 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
Res 1	Approval to Issue Shares to Unrelated Party Under Subscription Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 7	Approval to Issue Shares and Options to a Director, Mr Bill Ritchie Yang in Satisfaction of Outstanding Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 2	Ratification of Prior Issue of Shares Under ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 8	Approval to Issue Shares and Options to a Director, Mr Yang (Simon) Liu in Satisfaction of Outstanding Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 3	Ratification of Prior Issue of Listed Options Under ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 9	Approval to Issue Shares and Options to a Director, Mr Charles William (Bill) Guy in Satisfaction of Outstanding Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 4	Ratification of Prior Issue of Unlisted Options Under ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 10	Approval to Issue Shares and Options to a Former Director, Mr Yihao (Eric) Zhang in Satisfaction of Outstanding Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 5	Ratification of Prior Issue of Shares Under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 11	Approval to Issue Shares and Options to a Director, Mr Robert Thomson in Satisfaction of Outstanding Salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6	Approval to Issue Shares and Options to a Director, Mr Trevor Fourie in Satisfaction of Outstanding Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 12	Approval to Issue Shares to Related Party Upon Conversion of Convertible Note	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1 <div style="border: 1px solid black; height: 30px; margin: 5px 0;"></div> Sole Director and Sole Company Secretary	Securityholder 2 <div style="border: 1px solid black; height: 30px; margin: 5px 0;"></div> Director	Securityholder 3 <div style="border: 1px solid black; height: 30px; margin: 5px 0;"></div> Director / Company Secretary
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