
STONEWALL RESOURCES LIMITED
ACN 131 758 177
NOTICE OF GENERAL MEETING

TIME: 12:00pm (AEST)

DATE: 23 June 2017

PLACE: North Sydney Harbourview Hotel
(Bradfield Room 3)
17 Blue Street
North Sydney NSW 2060

**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 8) 7324 6000.

NOTICE OF GENERAL MEETING

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

Venue: North Sydney Harbourview Hotel
(Bradfield Room 3)
17 Blue Street
North Sydney NSW 2060

Date: Friday, 23 June 2017

Time: 12:00pm (AEST)

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

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting.

The Directors have determined pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Act 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00 pm (AEST) on 21 June 2017.

AGENDA

RESOLUTIONS:

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

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 allotment and issue of 33,333,335 Shares and 11,111,118 free-attaching unlisted Options to clients of Martin Place Securities on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SECURITIES PURSUANT TO CONVERTIBLE SECURITY FUNDING AGREEMENT

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 allotment and issue of 25,000,000 Shares and 20,000,000 unlisted Options to The Australian Special Opportunity Fund, LP (“ASOF”) pursuant to the Convertible Security Funding Agreement between the Company and ASOF, on the terms and conditions of the agreement as set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3 –RATIFICATION OF ISSUE OF CONVERTIBLE SECURITY TO UNRELATED PARTY

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 the Convertible Security to The Australian Special Opportunity Fund, LP, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 – ISSUE OF CONVERTIBLE SECURITY FACILITY TO UNRELATED PARTY

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 the Convertible Security Facility to The Australian Special Opportunity Fund, LP (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by The Australian Special Opportunity Fund (or its nominee) and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 5 – ENABLE THE ISSUE OF PERFORMANCE RIGHTS AND OPTIONS UNDER AN EMPLOYEE INCENTIVE SCHEME

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given to enable the Company to issue Performance Rights and Options under the employee incentive scheme titled “Employee Performance Rights and Option Plan” on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – MR TREVOR FOURIE

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

“That, for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 9,000,000 unlisted Options to Mr Trevor Fourie (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Trevor Fourie (or his nominee) and any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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RESOLUTION 7– ISSUE OF PERFORMANCE RIGHTS AND OPTIONS TO RELATED PARTY – MR BILL RICHIE YANG

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

“That, for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 9,500,000 Performance Rights and 52,500,000 unlisted Options to Mr Bill Richie Yang (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Bill Richie Yang (or his nominee) and any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 8 – ISSUE OF OPTIONS TO RELATED PARTY – MR YANG LIU (“SIMON LIU”)

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

“That, for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 unlisted Options to Mr Simon Liu (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Simon Liu (or his nominee) and any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 9 – ISSUE OF OPTIONS TO RELATED PARTY – DR YIHAO ZHANG (“ERIC ZHANG”)

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

“That, for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 unlisted Options to Dr Eric Zhang (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Dr Eric Zhang (or his nominee) and any of their associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 9 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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RESOLUTION 10– ISSUE OF SECURITIES TO RELATED PARTY – MR ROBERT THOMSON

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 allotment and issue of 2,500,000 Shares, 10,000,000 Performance Rights and 95,000,000 unlisted Options to Mr Robert Thomson (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Robert Thomson (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 11 – ISSUE OF OPTIONS TO RELATED PARTY – HANHONG NEW ENERGY HOLDINGS LTD

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

“That for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the allotment and issue of 5,000,000 unlisted Options to Hanhong New Energy Holdings Ltd (or its nominee), a company related to a director, Mr Simon Liu, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Hanhong New Energy Holdings Ltd (or its nominee) and any of their associates (**Resolution 11 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 11 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 11 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 12 – ISSUE OF OPTIONS TO RELATED PARTY – TASMAN FUNDS MANAGEMENT PTY LTD

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

“That for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the allotment and issue of 5,000,000 unlisted Options to Tasman Funds Management Pty Ltd (or its nominee), a company related to a director, Dr Eric Zhang, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Tasman Funds Management Pty Ltd (or its nominee) and any of their associates (**Resolution 12 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 12 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 12 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 13 – ISSUE OF OPTIONS TO UNRELATED PARTY – KAMJOH PTY LIMITED ATF TA KAMARA GROUP

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, Shareholders approve the allotment and issue of 5,000,000 unlisted Options to Kamjoh Pty Limited ATF TA Kamara Group (“Kamara Group”) (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Kamara Group (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 14 – APPROVAL OF TERMINATION PAYMENT TO MR ROBERT THOMSON

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

“That, for the purposes of sections 200B and 200E of the Corporations Act and ASX Listing Rule 10.19, and for all other purposes, the giving of benefits to Mr Robert Thomson in connection with Mr Robert Thomson ceasing to hold a managerial or executive office in the Company, be approved on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Robert Thomson or any of his associates (**Resolution 14 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 14 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 14 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 15 – ISSUE OF SHARES TO RELATED PARTY – MR TREVOR FOURIE

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 allotment and issue of 3,750,000 Shares to Mr Trevor Fourie, non-executive director of the Company and/or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Trevor Fourie (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 16– ISSUE OF SHARES TO RELATED PARTY – MR YANG LIU (“SIMON LIU”)

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 allotment and issue of 2,500,000 Shares to Mr Simon Liu, non-executive director of the Company and/or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Simon Liu (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 17 – ISSUE OF SHARES TO RELATED PARTY – DR YIHAO ZHANG (“ERIC ZHANG”)

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 allotment and issue of 2,500,000 Shares to Dr Eric Zhang, non-executive director of the Company and/or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Dr Eric Zhang (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 18 – ISSUE OF SHARES TO EMPLOYEES – MR GEORGE JENKINS AND MR CHIN HAW LIM

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 1,000,000 Shares to each of Mr George Jenkins (Chief Executive Officer, South Africa) and Mr Chin Haw Lim (Chief Financial Officer and Company Secretary) and/or their nominees, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Messrs George Jenkins and Chin Haw Lim (or their nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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 a direction on the Proxy Form to vote as the proxy decides.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Proxies

Please note that:

- (a) A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) A proxy need not be a member of the Company;
- (c) A Shareholder may appoint a body corporate or an individual as its proxy;
- (d) A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Act 2001 (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 7.00pm AEST on 21 June 2017. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

By Order of the Board of Directors

Chin Haw Lim

Company Secretary

Dated: 17 May 2017

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 23 June 2017 at 12.00pm (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.

The Company refers Shareholders to Schedule 5 of this Notice for further detail in relation to the compound dilutive effect of the Resolutions.

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

1.1 General

On 23 February 2017, the Company issued 33,333,335 Shares at an issue price of \$0.015 per Share, together with 11,111,118 free attaching unlisted Options (on the basis of one (1) free attaching Option for every three (3) Shares subscribed for and issued) to clients of Martin Place Securities (ABN 95 159 611 060) to raise \$500,000.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Options.

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.

1.3 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 issue 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.

1.4 Technical information required by ASX Listing Rule 7.4

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

- (a) 33,333,335 Shares and 11,111,118 unlisted Options were issued;
- (b) The issue price per Share was \$0.015 and the issue price of the Options was nil as they were issued free attaching with the Shares on a one (1) for three (3) basis;
- (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 Options issued are exercisable at \$0.03 each, on or before 22 August 2019. The full terms and conditions are set out in Annexure E;

- (d) The Shares and Options were allotted and issued to clients of Martin Place Securities Limited, who are sophisticated investors. These subscribers are not related parties of the Company; and
 - (e) The funds raised from the issue were used for the Company's working capital requirements.
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RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS PURSUANT TO CONVERTIBLE SECURITY FUNDING AGREEMENT

2.1 General

As announced on 18 January 2017, the Company has entered into a convertible security funding agreement ("Convertible Security Funding Agreement" or "Agreement") with The Australian Special Opportunity Fund, LP ("ASOF") a fund managed by Lind Partners, LLC (together, "Lind") which provides for a convertible security facility with an aggregate face value of up to AUD\$5,400,000.

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

Funding and Security:

- (a) Lind agrees to advance AUD \$2,000,000 ("Initial Advance") to the Company in immediately available funds within 7 business days of the date of execution of the Agreement ("Execution Date") (or such later date as may be determined in accordance with the terms of the Agreement). This amount was received on 31 January 2017;
 - (b) In consideration for the receipt of AUD \$2,000,000, the Company will issue (and will be deemed to have issued) to ASOF, an uncertificated convertible security for an initial face value of \$2,520,000 ("Convertible Security");
 - (c) Following the Initial Advance, Lind agrees to pay a monthly advance of \$60,000 to the Company in immediately available funds ("Monthly Advance") for 10 consecutive months commencing from May 2017, in accordance with the funding schedule set out in the Agreement. Upon mutual consent between the parties, the Monthly Advance may be increased to AUD \$250,000. Together the Initial Advance and the Monthly Advances constitute the "Convertible Note Facility";
 - (d) Payment of the Monthly Advance by ASOF to the Company is subject to a number of standard terms and conditions such as the Company having obtained all required Shareholder approvals and ASOF having received the Repayment Amount (defined below);
 - (e) Each time a Monthly Advance is paid to the Company, the face value of the Convertible Security will automatically increase by an equivalent amount together with a premium (if applicable). The premium is calculated as 20% multiplied by the amount funded in excess of \$60,000 (being up to a maximum of \$38,000 (on the basis of a Monthly Advance of \$250,000)) ("Premium");
 - (f) The term of the Convertible Security Facility is the later of 31 April 2019 (subject to any extension) or 30 calendar days after the date on which the Company repays the amount outstanding of the Convertible Security Facility in full ("Term");
 - (g) The Convertible Security Facility is secured against the Company's Australian assets and its holding in its South African wholly owned subsidiary, Stonewall Mining (Pty) Ltd; and
 - (h) Two existing lenders to the Company, being Australian Private Capital Investment Group (International) Ltd and Tasman Funds Management Ltd, have entered into standstill agreements with the Company and Lind for the term of the Convertible Security Funding Agreement.
-

Repayment:

- (a) The Convertible Security Facility is repayable in 24 equal monthly instalments of \$130,000 (the "Repayment Amount") commencing May 2017, with a face value pre-set at AUD \$3,120,000 (based on initial face value of AUD\$2,520,000 plus total Monthly Advances of AUD\$600,000) which will be increased proportionally if each Monthly Advance is greater than AUD \$60,000 ("Increased Repayment Amount").
- (b) The Company may, at its election, make the repayments in:
 - (i) cash, at a premium of 2.5% of the Repayment Amount or Increased Repayment Amount (as applicable); and or
 - (ii) by the issue of that number of Shares which is equal to the Repayment Amount divided by the price per Share that is equal to 90% of the average of three (3) consecutive daily VWAPs per Share (as selected by Lind in its sole discretion) during the 20 consecutive trading days immediately prior ("Repayment Price").

Conversion:

- (a) ASOF has the right to convert the outstanding balance of the Convertible Security Facility to Shares at a pre-set conversion price of AUD \$0.019 per Share (being, an approximate 30 percent premium to the 20-day VWAP of Shares prior to the Execution Date) at any time during the Term.
- (b) To effect conversion, ASOF may provide a conversion notice to the Company by no less than one (1) business day prior to requiring the Company to effect conversion of some or all of the Convertible Security Facility. The conversion notice must specify:
 - (i) the conversion amount, which must be a minimum of AUD\$50,000 or, if the amount outstanding is less than AUD\$50,000, the total amount of the amount outstanding for the Convertible Security;
 - (ii) whether the conversion amount will be constituted in whole or part by a reduction in ASOF's shareholding in the Company (being 25,000,000 Shares), and if so, must advise the reduction which will be applied to satisfy some or all of the conversion amount; and
 - (iii) the conversion price applicable to the conversion being:
 - (A) AUD\$0.019; or
 - (B) where the market capitalisation of the Company is lower than AUD\$15,000,000 for 5 consecutive trading days, the price per Share equal to 90% of the average of three (3) daily VWAPs per Share during the 20 consecutive trading days immediately prior to the conversion date (as selected by Lind in its sole discretion),(together, the "Conversion Price"); and
- (c) On 6 April 2017, the Company received a conversion notice from ASOF for the conversion amount of \$100,000. In accordance with the conversion notice, the Company issued 5,263,158 Shares (at the pre-set conversion price of \$0.019) on 7 April 2016.

Company Buy-Back:

- (a) The Company has the right to buy-back the outstanding balance of the Convertible Security Facility in immediately available funds at any stage during the Term of the Agreement provided there has been no event of default and subject to ASOF's conversions rights (as set out below at paragraph (b)); and
- (b) If the Company wishes to exercise its buy-back right, the Company must issue ASOF with a buy-back notice. Upon receipt of the buy-back notice, ASOF has the option to convert up to 30% of the total face value of the Convertible Security Facility into Shares at its discretion and at the Conversion Price and otherwise in accordance with the terms of the Agreement.

Issue of Consideration Securities

- (a) The Company has agreed to grant the following securities as consideration for ASOF entering into the Convertible Security Funding Agreement:
- (i) 25,000,000 Shares within 7 business days of the Execution Date. These Shares were issued on 18 January 2017 (“Collateral Shares”);
 - (ii) 10,000,000 unlisted Options exercisable at AUD \$0.025 each on or before 18 January 2020, within 7 business days of the Execution Date. These Options were issued on 18 January 2017; and
 - (iii) 10,000,000 unlisted Options exercisable at AUD \$0.03 each on or before 18 January 2020, within 7 business days of the Execution Date. These Options were issued on 18 January 2017;
- (The issue of the above Shares and Options is the subject of Resolution 2); and
- (iv) A further 10,000,000 unlisted Options, exercisable at AUD \$0.03 each on or before the date that is three years from the date of grant of the Options, shall be issued to ASOF if the Company elects to buy-back the Convertible Security Facility within the initial 6 months following the Execution Date (being, July 2017).

Collateral Shares

- (a) Where any Shares are to be issued to the ASOF due to conversion, repayment or buy-back of some or all of the Convertible Note, the ASOF may permit some or all of the Shares issued because of such an event to be satisfied by a reduction in the balance of Collateral Shares.
- (b) ASOF may also elect to acquire all rights in up to a maximum of 12,500,000 Collateral Shares by written notice to the Company (“Collateral Share Election Notice”) at any time during the Term.
- (c) Upon the giving of the Collateral Share Election Notice, ASOF shall be required to advance to the Company (in cleared funds), an amount determined by multiplying the number of Collateral Shares that is the subject of the Collateral Share Election Notice by the Collateral Share Price (defined below) being:
 - (i) the price per Share equal to 90% of the average of three (3) daily VWAPs per Share during the 20 consecutive trading days immediately prior to the date of the Collateral Share Election Notice (as selected by Lind in its sole discretion); and
 - (ii) where the Company’s Shares have been suspended from trading during the 20 consecutive trading days immediately prior to the date of the Collateral Share Election Notice, an amount equal to 85% of the fair market value of the parcel of Collateral Shares (with the fair market value to be determined by an appropriately qualified independent valuer),(together, the “Collateral Share Price”);
- (d) To the extent that ASOF holds any Collateral Shares at expiry of the Term (“Outstanding Collateral Shares”), ASOF must pay the Company an amount equal to the Outstanding Collateral Shares multiplied by the Collateral Share Price in immediately available funds, within ten (10) business days after expiry of the Term.

Adjustments

- (a) Each time a consolidation, subdivision or pro-rata cancellation of the Company’s issued capital takes place, the Conversion Price and Collateral Shareholding of ASOF shall be reduced or increased (as the case may be) in the same proportion as the issued capital of the Company is consolidated, subdivided or cancelled (as the case may be). For the avoidance of doubt, this does not include a rights offering or bonus issue.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the allotment and issue of securities to ASOF on 18 January 2017, being 25,000,000 Shares, 10,000,000 unlisted Options exercisable at AUD \$0.025 each and 10,000,000 unlisted Options exercisable at AUD \$0.03 each.

2.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

2.3 ASX Listing Rule 7.4

A summary of ASX Listing Rule 7.4 is set out in section 1.3 above. The issue 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 7.4

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

- (a) 25,000,000 Shares, 10,000,000 unlisted Options (exercisable at AUD\$0.025 each) and 10,000,000 unlisted Options (exercisable at AUD\$0.03 each) were issued;
- (b) The Shares and Options were issued for nil cash consideration in satisfaction of consideration for the funding provided under the Convertible Security Funding Agreement;
- (c) The Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) the terms and conditions of 10,000,000 Options issued which are exercisable at \$0.025 each on or before 18 January 2020 are set out in Annexure C;
- (g) the terms and conditions of 10,000,000 Options issued which are exercisable at \$0.03 each on or before 18 January 2020 are set out in Annexure D;
- (d) The Shares and Options were issued to The Australian Special Opportunity Fund, LP, an unrelated party of the Company; and
- (e) No funds were raised from the issue as the Shares and Options were issued for nil consideration in accordance with the Convertible Security Funding Agreement.

RESOLUTION 3 – RATIFICATION OF ISSUE OF CONVERTIBLE SECURITY TO UNRELATED PARTY

3.1 General

As set out in section 2.1 above and announced on 18 January 2017, the Company has entered into a Convertible Security Funding Agreement with The Australian Special Opportunity Fund, LP, a fund managed by Lind Partners LLC (together, Lind) which provides for a convertible security facility with an aggregate face value of up to \$5,400,000.

As also set out in section 2.1 above, a Convertible Security was issued to The Australian Special Opportunity Fund, LP for the initial face value of \$2,520,000, which may convert into 132,631,579 Shares (based on the pre-set conversion price of \$0.019). The initial face value of the Convertible Security will be increased by \$60,000, as a result of the Company receiving the first monthly advance of \$60,000 from ASOF and accordingly, the Convertible Security will then be able to convert into 135,789,474 Shares (based on the pre-set conversion price of \$0.019).

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Convertible Security.

3.2 Key Terms of Convertible Security

The key terms of the Convertible Security are set out above at section 2.1.

3.3 ASX Listing Rules 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 are set out in sections 1.2 and 1.3 (respectively) above.

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.

3.4 Technical information required by ASX Listing Rule 7.4

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

- (a) The Company issued one Convertible Security with a deemed initial face value of \$2,520,000. Subsequently, the Company will receive before the Meeting a monthly advance of \$60,000 from ASOF and the face value of the Convertible Security will increase by an equivalent amount;
- (b) The Convertible Security was issued in consideration for an initial advance of \$2,000,000 and a further advance of \$60,000;
- (c) The material terms of the Convertible Security are set out above at section 2.1;
- (d) The Convertible Security was issued to The Australian Special Opportunity Fund, LP, an unrelated party of the Company; and
- (e) The funds raised from the issue of the Convertible Security will be used towards studies on the Rietfontein Gold Project and other high-grade hard rock mines and for general working capital requirements.

RESOLUTION 4 – APPROVAL FOR ISSUE OF CONVERTIBLE SECURITY FACILITY TO UNRELATED PARTY

4.1 General

Resolution 4 seeks Shareholder approval for the issue of the Convertible Security Facility to The Australian Special Opportunity Fund, LP (or its nominee), in accordance with the Convertible Security Funding Agreement.

4.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

The effect of Resolution 4 will be to allow the Company to issue the Convertible Security Facility to ASOF in accordance with the Agreement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX) and to allow the Company to issue Shares on conversion or repayment of the Convertible Security Facility in accordance with the terms of the Agreement as summarised above at section 2.1 without using the Company's 15% annual placement capacity. In simple terms, if Resolution 4 is passed, the entirety of the Convertible Security Facility will be able to be utilised and invoked in accordance with its terms.

4.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of equity securities to be issued is one Convertible Security Facility with a face value of up to \$5,400,000;
- (b) the Convertible Security Facility will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Convertible Security Facility will occur immediately upon Shareholder approval;
- (c) the issue price of the Convertible Security Facility is up to \$4,500,000;
- (d) the Convertible Security Facility will be issued to The Australian Special Opportunity Fund, LP (or its nominee), an unrelated party of the Company;

- (e) the Convertible Security Facility will be issued on the terms summarised above at section 2.1; and
 - (f) the funds raised from this issue will be used towards studies on the Rietfontein Gold Project and other high-grade hard rock mines and for general working capital requirements.
-

RESOLUTION 5 – ENABLE THE ISSUE OF PERFORMANCE RIGHTS AND OPTIONS UNDER EMPLOYEE INCENTIVE SCHEMES

Resolution 5 seeks Shareholder approval to enable the Company to issue Performance Rights and Options under the employee incentive scheme titled “Employee Performance Rights and Option Plan” (“Plan”) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Performance Rights and or Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Performance Rights or Options (collectively referred to as an Award for the purposes of the Plan) have previously been issued under the Plan. However, the Company has agreed to issue up to 1,500,000 Performance Rights and 10,000,000 unlisted Options to George Jenkins (Chief Executive Officer of the Company's South African subsidiaries), 10,000,000 unlisted Options to Chin Haw Lim (Chief Financial Officer and Company Secretary of the Company) and up to 2,000,000 Performance Rights to employees of the Company's subsidiaries, as part of their remuneration package and to secure ongoing commitment to the future of the Company and its related bodies corporate. The Company believes that this serves to align the employees' interests with those of Shareholders.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issues of Performance Rights or Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights or Options under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary on info@stonewallresources.com. Shareholders are invited to contact the Company if they have any queries or concerns.

RESOLUTIONS 6 TO 9 – ISSUE OF PERFORMANCE RIGHTS AND OPTIONS TO RELATED PARTIES

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 9,500,000 Performance Rights (“Related Party Performance Rights”) to Mr Bill Richie Yang (or his nominee) and a total of up to 69,500,000 unlisted Options (“Related Party Options”) to Messrs Trevor Fourie, Bill Richie Yang, Yang Liu (“Simon Liu”) and Yihao Zhang (“Eric Zhang”) (“Related Parties”) on the terms and conditions set out below.

Messrs Trevor Fourie, Bill Richie Yang, Simon Liu and Eric Zhang are related parties of the Company by virtue of being Directors.

Pursuant to Resolutions 6 to 9, the Company seeks Shareholder approval for the issue of up to 9,500,000 Performance Rights and 69,500,000 unlisted Options to the Related Parties.

6.2 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 the Related Party Performance Rights and Related Party Options constitutes giving a financial benefit and Messrs Trevor Fourie, Bill Richie Yang, Simon Liu and Eric Zhang are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As all of the Directors (other than Mr Thomson) are participating in the issue of Related Party Performance Rights and Related Party Options the subject of Resolutions 6 to 9, the Directors do not give a view as to whether the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Performance Rights and Related Party Options to the Related Parties.

6.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Related Party Performance Rights and Related Party Options:

- (a) the related parties are Messrs Trevor Fourie, Bill Richie Yang, Simon Liu and Eric Zhang and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is:

Related Party	Number
Bill Richie Yang	9,500,000

- (c) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:

Related Party	Number
Trevor Fourie	9,000,000 ¹
Bill Richie Yang	52,500,000 ²
Simon Liu	4,000,000 ³
Eric Zhang	4,000,000 ⁴

Notes:

(1) Comprising 9,000,000 Incentive Options (defined below).

- (2) Comprising, 37,500,000 Incentive Options (defined below) and 15,000,000 Sign-on Options (defined below);
- (3) Comprising 4,000,000 Incentive Options (defined below);
- (4) Comprising 4,000,000 Incentive Options (defined below); and
- (5) The number of Options to be granted to each Related Party is based on each Director's position within the Company. The total number of Options proposed to be granted is 69,500,000, which is approximately 3.55% of the Shares currently on issue.
- (d) the Related Party Performance Rights and Related Party Options will be granted to the Related Parties (or their nominees) no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the issue of the Performance Rights and Options will occur on the same date;
- (e) the Related Party Performance Rights will be granted for nil cash consideration, accordingly no funds will be raised;
- (f) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (g) the terms and conditions of the Related Party Performance Rights to be issued to Mr Bill Richie Yang are as set out in the following table:

Class of Performance Rights	Number of Performance Rights	Performance Hurdle/Vesting Date	Expiry Date
Class A	1,500,000	20 day VWAP above \$0.025	5 years from the date of issue.
Class B	1,500,000	20 day VWAP above \$0.030	5 years from the date of issue.
Class C	1,500,000	20 day VWAP above \$0.035	5 years from the date of issue.
Class D	5,000,000	Market capitalisation above \$125,000,000 for a consecutive 5 day period	5 years from the date of issue.
Total	9,500,000		

- (h) the terms and conditions of 54,500,000 of the Options are set out in Annexure B ("Incentive Options"). In particular:
- (i) the 9,000,000 Incentive Options to be issued to Mr Trevor Fourie will be subject to the following conditions:

Class of Incentive Options	Number of Incentive Options	Performance Hurdle/Vesting Date	Exercise Price	Expiry Date
Class B	2,000,000	20 day VWAP above \$0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.035	5 years from the date of issue.
Class C	2,000,000	20 day VWAP above \$0.035. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.040	5 years from the date of issue.
Class H	5,000,000	Obtaining sufficient capital expenditure financing (debt and/or equity) to enable the group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000	\$0.025	5 years from the date of issue.

		ounces of gold or gold equivalent on an annualised basis. Where the relevant capital expenditure financing is obtained through debt financing, this milestone will be deemed to have been achieved upon the first, actual drawdown of the relevant loan. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.		
Total	9,000,000			

- (ii) the 37,500,000 Incentive Options to be issued to Mr Bill Richie Yang will be subject to the following conditions:

Class of Incentive Options	Number of Incentive Options	Performance Hurdle/Vesting Date	Exercise Price	Expiry Date
Class A	7,500,000	20 day VWAP above \$0.025. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	5 years from the date of issue.
Class B	7,500,000	20 day VWAP above \$0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.035	5 years from the date of issue.
Class C	7,500,000	20 day VWAP above \$0.035. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.040	5 years from the date of issue.
Class H	15,000,000	Obtaining sufficient capital expenditure financing (debt and/or equity) to enable the group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000 ounces of gold or gold equivalent on an annualised basis. Where the relevant capital expenditure financing is obtained through debt financing, this milestone will be deemed to have been achieved upon the first, actual drawdown of the relevant loan. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.025	5 years from the date of issue.
Total	37,500,000			

- (iii) the 4,000,000 Incentive Options to be issued to each of Mr Simon Liu and Dr Eric Zhang will be subject to the following conditions:

Class of Incentive Options	Number of Incentive Options	Performance hurdle/Vesting Date	Exercise Price	Expiry Date
Class B	2,000,000	20 day VWAP above \$0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.035	5 years from the date of issue.
Class C	2,000,000	20 day VWAP above \$0.035. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.040	5 years from the date of issue.
	4,000,000			

For purposes of the above tables, 20 Day VWAP means the average of the daily volume weighted average price of all sales of Shares recorded on ASX over a 20-day period, not including:

- (a) any transaction classified under the ASX's Market Rules as a "Special Crossing";
 - (b) crossings prior to the commencement of normal trading or during the closing phase and after hours adjust phase;
 - (c) any overseas trades or trades pursuant to the exercise of options over Shares; or
 - (d) any overnight crossings.
- (i) the terms and conditions of 15,000,000 of the Options to be issued to Mr Bill Richie Yang are set out in Annexure A ("Sign-On Options"). In particular:

Number of Sign-on Options	Exercise Price	Vesting Date	Expiry Date
15,000,000	\$0.020	Date approved by Shareholders.	30 April 2020

- (j) the value of the Related Party Performance Rights and pricing methodology is set out in Schedule 2. The Related Party Performance Rights have been independently valued and are based on the assumptions set out in Schedule 2;
- (k) the value of the Options and the pricing methodology is set out in Schedule 2. The Related Party Options have been independently valued and are based on the assumptions set out in Schedule 2;
- (l) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options
Trevor Fourie	24,132,766 ¹	15,000,000 ²
Bill Richie Yang	Nil	25,000,000 ³
Simon Liu	207,118,403 ⁴	10,000,000 ⁵
Eric Zhang	327,309,942 ⁶	3,000,000 ⁷

Notes:

- 1) Comprising 21,632,766 Shares held by the Quartreforte Investment Trust (an entity of which Mr Fourie is a beneficiary) and 2,500,000 held by TAF Superannuation Fund (an entity which Mr Fourie is a member).
- 2) Comprising 10,000,000 unlisted Options exercisable at \$0.02 each, on or before 12 October 2019 and 5,000,000 unlisted Options exercisable at \$0.04 each, on or before 12 October 2019.
- 3) Comprising 10,000,000 unlisted Options exercisable at \$0.02 each on or before 12 October 2019, 5,000,000 unlisted Options exercisable at \$0.04 each, on or before 12 October 2019 and 10,000,000 unlisted Options (subject to performance hurdles) exercisable at \$0.02 each, on or before 12 October 2019.
- 4) Comprising 45,271,042 Shares held by Hanhong New Energy Holdings Ltd , and 161,847,361 Shares held by Smart Vision Investment Group Pty Ltd (entities of which Mr Simon Liu is a major shareholder).
- 5) Comprising 5,000,000 unlisted Options exercisable at \$0.015 each, on or before 12 October 2019 and 5,000,000 unlisted Options exercisable at \$0.04 each, on or before 12 October 2019.
- 6) Shares held by Tasman Funds Management Pty Ltd (an entity controlled by Mr Eric Zhang).
- 7) Comprising 3,000,000 unlisted Options exercisable at \$0.015 each, on or before 12 October 2019

(m) the remuneration and emoluments from the Company to the Related Parties for the previous financial year, the proposed remuneration and emoluments for the current financial year and the securities to be issued to the Related Parties pursuant to this Notice of Meeting (subject to Shareholder approval) are set out below:

Related Party	Current Financial Year (from 1 Jan 2017) ¹	Previous Financial Year ¹	Shares to be issued pursuant to this Notice	Performance Rights to be issued pursuant to this Notice	Options to be issued pursuant to this Notice	Total value of Securities to be issued pursuant to this Notice
Trevor Fourie	\$75,000	\$81,600 ²	3,750,000 ⁴	Nil	9,000,000 ⁵	\$207,902 ¹²
Bill Richie Yang	\$50,000	\$50,400 ³	Nil	9,500,000 ⁶	52,500,000 ⁷	\$917,617 ¹³
Simon Liu	\$50,000	\$50,400	2,500,000 ⁸	Nil	9,000,000 ⁹	\$154,887 ¹⁴
Eric Zhang	\$50,000	\$50,400	2,500,000 ¹⁰	Nil	9,000,000 ¹¹	\$154,887 ¹⁵

Notes:

- 1) Figures are inclusive of superannuation.
- 2) In addition to the Directors' fees received by Mr Fourie, Quatreforte Investment Trust, an entity related to Mr Fourie, received consulting fees of approximately \$275,000 from the Company for the previous financial year.
- 3) In addition to the Directors' fees received by Mr Yang, VS Capital Investments Pty Ltd, an entity related to Mr Yang received consulting fees of \$150,000 per annum from the Company in the previous financial year.
- 4) These Shares are to be issued in lieu of Director fees (the subject of Resolution 15).
- 5) 9,000,000 Incentive Options are to be issued to Mr Fourie on the terms and conditions set out in section 6.3(h) above (the subject of Resolution 6).
- 6) 9,500,000 Performance Rights are to be issued to Mr Yang on the terms and conditions set out in section 6.3(g) above (the subject of Resolution 7).
- 7) 15,000,000 Sign-on Options exercisable at \$0.020 on or before 30 April 2020 are to be issued to Mr Yang (the subject of Resolution 7) and 37,500,000 Incentive Options are to be issued to Mr Yang on the terms and conditions set out in section 6.3(h) above (the subject of Resolution 7).
- 8) These Shares are to be issued in lieu of Director fees (the subject of Resolution 16).
- 9) Comprising 4,000,000 Incentive Options to be issued to Mr Simon Liu on the terms and conditions set out in section 6.3(h) above (the subject of Resolution 8) and 5,000,000 unlisted Options exercisable at \$0.030 on or before 22 August 2019 to be issued to Hanhong New Energy Holdings Ltd, an entity controlled by Mr Simon Liu (the subject of Resolution 11).
- 10) These Shares are to be issued in lieu of Director fees (the subject of Resolution 17).
- 11) Comprising 4,000,000 Incentive Options to be issued to Dr Eric Zhang on the terms and conditions set out in section 6.3(h) (the subject of Resolution 9) and 5,000,000 unlisted Options exercisable at \$0.030 on or before 22 August 2019 to be issued to Tasman Funds Management Pty Ltd, an entity controlled by Dr Eric Zhang (the subject of Resolution 12).
- 12) Being a value of \$132,902 in respect of the Incentive Options (the subject of Resolution 6) and \$75,000 in respect of the Shares (the subject of Resolution 15).

- 13) Being a value of \$118,800 in respect of the Performance Rights (the subject of Resolution 7), \$561,262 in respect of the Incentive Options (the subject of Resolution 7) and \$237,555 in respect of the Sign-on Options (the subject of Resolution 7).
- 14) Being a value of \$43,272 in respect of the Incentive Options (the subject of Resolution 8), \$61,615 in respect of the Options to be issued to Hanhong New Energy Holdings Ltd, an entity controlled by Simon Liu (the subject of Resolution 11) and \$50,000 in respect of the Shares (the subject of Resolution 16);
- 15) Being a value of \$43,272 in respect of the Incentive Options (the subject of Resolution 9), \$61,615 in respect of the Options to be issued to Tasman Funds Management Pty Ltd, an entity controlled by Dr Eric Zhang (the subject of Resolution 12) and \$50,000 in respect of the Shares (the subject of Resolution 17).

(n) If the Performance Rights granted to the Related Parties vest, a total of 9,500,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 1,991,480,485 to 2,000,985,485 (assuming that no other Shares are issued or Options exercised) with the effect that the shareholding of existing Shareholders would be diluted by 0.47% (being, an individual dilution rate of 0.47% for Mr Bill Richie Yang).

(o) If the Options issued to the Related Parties are exercised, a total of 69,500,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 1,991,480,485 to 2,060,980,485 (assuming that no other Shares are issued or Options exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.37% and individual dilution rates of approximately 0.44% for Mr Trevor Fourie, 2.55% for Mr Bill Richie Yang and 0.19% for each of Mr Simon Liu and Dr Eric Zhang.

The market price for Shares during the term of the Related Party Performance Rights and Related Party Options would normally determine whether or not the Related Party Performance Rights and Related Party Options are exercised. If, at any time any of the Related Party Performance Rights and Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Performance Rights and Related Party Options, there may be a perceived cost to the Company.

(p) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date	Volume
Highest	\$0.032	6 April 2017	10,023,697
		12 April 2017	7,494,488
Lowest	\$0.009	23 May 2016	200,000
		1 June 2016	1,300,000
Last	\$0.028	10 May 2017	710,531

(q) the Board acknowledges the grant of the Related Party Performance Rights and Related Party Options to Messrs Trevor Fourie, Bill Richie Yang, Simon Liu and Eric Zhang is contrary to Recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of the Related Party Performance Rights and Related Party Options to Messrs Trevor Fourie, Bill Richie Yang, Simon Liu and Eric Zhang reasonable in the circumstances for the reason set out below;

(r) the primary purpose of the grant of the Related Party Performance Rights and Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;

(s) The Directors (other than Mr Robert Thomson) decline to make a recommendation to Shareholders in relation to Resolutions 6 to 9 due to their material personal interests in the outcome of the Resolutions and because of the perceived conflict of interest resulting from the Directors making a recommendation for resolutions about each other's remuneration. However, the Directors note that they consider the grant of the Related Party Performance Rights and Related Party Options to be reasonable for the following reasons:

- (i) the grant of Performance Rights and Options to the Related Parties, in particular, the vesting conditions, will align the interests of the Related Parties with those of Shareholders. Should the performance hurdles/ vesting conditions not be reached, the value of the Related Party Performance Rights and Related Party Options will be \$0;
 - (ii) the grant of the Performance Rights and Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on advancing its gold projects than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights and Options upon the terms proposed;
- (t) Mr Thomson recommends that Shareholders vote in favour of Resolutions 6 to 9 for the reasons set out in subparagraphs (s)(i) to (iii);
 - (u) in forming his recommendations, Mr Thomson considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Performance Rights and Options to be granted as well as the performance hurdles/vesting conditions, exercise price and expiry date of those Performance Rights and Options; and
 - (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 to 9.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights and Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Related Party Performance Rights and Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

RESOLUTION 10 – ISSUE OF SECURITIES TO RELATED PARTY – MR ROBERT THOMSON

7.1 General

On 25 November 2016, the Company announced that Mr Robert Thomson had been appointed as Managing Director of the Company. Mr Thomson is a mining engineer with decades of gold mining experience. He commenced his career in underground gold operations in Southern Africa during the seventies and has since been involved in numerous successful gold ventures which included transitioning companies from exploration to production. He was involved in building the large and successful 100,000+ozpa Chatree (Thailand) and Sepon (Stage 1) (Laos) gold mines and as the former CEO of Climax Mining, he was instrumental in the development of the Didipio Gold Mining Operation in the Philippines which was eventually taken over by OceanaGold Corporation.

Mr Thomson's remuneration package (refer ASX announcement dated 4 April 2017) comprises a salary of AUD\$250,000 per annum, a sign-on cash bonus of \$8,000, performance-linked cash incentives of up to AUD\$75,000 and superannuation. In addition, subject to Shareholder approval, Mr Thomson will be issued the following securities:

- (a) 2,500,000 sign-on Shares (the subject of this Resolution);
- (b) 20,000,000 sign-on Options exercisable at \$0.02 each on or before 30 April 2020 ("Sign-on Options") (the subject of this Resolution);
- (c) 10,000,000 Performance Rights as incentive based remuneration (the subject of this Resolution); and

- (d) 75,000,000 Options as incentive based remuneration (“Incentive Options”) (the subject of this Resolution).

Refer to Resolution 14 for further detail in relation to the terms of Mr Thomson’s employment.

Resolution 10 seeks Shareholders approval for the issue of 2,500,000 Shares, 10,000,000 Performance Rights and 95,000,000 unlisted Options to Mr Thomson pursuant to ASX Listing Rules 10.11.

7.2 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, Performance Rights and Options constitutes giving a financial benefit and Mr Thomson is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Thomson who has a material personal interest in Resolution 10) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares, Performance Rights and Options because the agreement to issue the Shares, Performance Rights and Options, reached as part of the remuneration package for Mr Thomson, is considered reasonable remuneration in the circumstances and was negotiated on an arm’s length basis.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX’s opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Shares, Performance Rights and Options to Mr Thomson involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.4 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 10:

- (a) the Shares, Performance Rights and Options will be issued to Mr Robert Thomson (or his nominee), a related party of the Company by virtue of being Managing Director of the Company;
- (b) the maximum number of Shares to be issued is 2,500,000;
- (c) the maximum number of Performance Rights to be issued is 10,000,000;
- (d) the maximum number of Options to be issued is 95,000,000;
- (e) the Shares, Performance Rights and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (f) the Shares, Performance Rights and Options will be issued for nil cash consideration as part of Mr Thomson’s remuneration package, accordingly no funds will be raised;
- (g) the Shares issued will be fully paid ordinary shares in the capital of the Company, on the same terms and conditions as the Company’s existing Shares;

- (h) the terms and conditions of the Performance Rights to be issued to Mr Robert Thomson are set out in the following table:

Class of Performance Rights	Number of Performance Rights	Performance Hurdle/Vesting Date	Expiry Date
Class A	2,000,000	20 day VWAP above \$0.025.	5 years from the date of issue.
Class B	2,000,000	20 day VWAP above \$0.030.	5 years from the date of issue.
Class C	2,000,000	20 day VWAP above \$0.035.	5 years from the date of issue.
Class E	3,000,000	Achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) is greater than or equal to 40% ¹	5 years from the date of issue.
Class F	1,000,000	Achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) is greater than or equal to 50% ¹	5 years from the date of issue.
Total	10,000,000		

Notes:

- (1) **Milestone 3** means completion to pre-feasibility standards, of a second study to demonstrate profitable production of not less than 70,000 ounces of gold or gold equivalent on an annualised basis and with an IRR (pre-tax) greater than or equal to 40% (Class E) or 50% (Class F).

- (i) the terms and conditions of 20,000,000 of the unlisted Options to be issued to Mr Robert Thomson are set out in Annexure A ("Sign-on Options") and are as follows:

Number of Sign-on Options	Exercise Price	Vesting Date	Expiry Date
20,000,000	\$0.020	Date approved by Shareholders.	30 April 2020

- (j) the terms and conditions of 75,000,000 of the unlisted Options to be issued to Mr Robert Thomson are set out in Annexure B ("Incentive Options") and are as follows:

Class of Incentive Options	Number of Incentive Options	Performance Hurdle/Vesting Date	Exercise Price	Expiry Date
Class A	10,000,000	20 day VWAP above \$0.025. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	5 years from the date of issue.
Class B	10,000,000	20 day VWAP above \$0.030. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.035	5 years from the date of issue.
Class C	10,000,000	20 day VWAP above \$0.035. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.040	5 years from the date of issue.
Class D	15,000,000	Achievement of Milestone 1. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.025	5 years from the date of issue.

Class E	10,000,000	Achievement of Milestone 2. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.025	5 years from the date of issue.
Class F	10,000,000	Achievement of Milestone 2. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	5 years from the date of issue.
Class G	10,000,000	Achievement of Milestone 3 and Pre-Feasibility Study IRR (pre-tax) is greater than or equal to 40%. This performance hurdle must be achieved on or before the date that is three years from the date of issue of the Options.	\$0.030	5 years from the date of issue.
Total	75,000,000			

Notes:

- (1) **Milestone 1** means obtaining sufficient capital expenditure financing (debt and/or equity) to enable the Group's mines and facilities to be upgraded to the point where they can profitably produce no less than 55,000 ounces of gold or gold equivalent on an annualised basis. Where the relevant capital expenditure financing is obtained through debt financing, Milestone 1 will be deemed to have been achieved upon the first, actual drawdown of the relevant loan.
- (2) **Milestone 2** means the achievement of Stage 1 production on budget. Milestone 2 will be deemed to have been achieved at the end of 90 days into Stage 1 production, provided that at that point the production is on budget.
- (3) **Milestone 3** means completion to Pre-Feasibility standards, of a second study to profitably increase production by not less than 15,000 ounces of gold or gold equivalent on an annualised basis and with an IRR (pre-tax) greater than or equal to 40%.

For purposes of the above tables, 20 Day VWAP means the average of the daily volume weighted average price of all sales of Shares recorded on ASX over a 20-day period, not including:

- (a) any transaction classified under the ASX's Market Rules as a "Special Crossing";
- (b) crossings prior to the commencement of normal trading or during the closing phase and after hours adjust phase;
- (c) any overseas trades or trades pursuant to the exercise of options over Shares; or
- (d) any overnight crossings.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares, Performance Rights and Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares, Performance Rights and Options to Mr Robert Thomson (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

RESOLUTION 11 – ISSUE OF OPTIONS TO RELATED PARTY - HANHONG NEW ENERGY HOLDINGS LTD**8.1 General**

Hanhong New Energy Holdings Ltd (“Hanhong”) is an entity related to Mr Simon Liu, a Director of the Company. Hanhong and its associates are substantial Shareholders in the Company and are also a lender to the Company. They have been strong supporters of the Company and have provided financial support and letters of support to the Company and more recently had caused Australian Private Capital Investment Group (International) Ltd (“APCIG”), a lender to the Company, to enter into a standstill agreement with The Australian Special Opportunity Fund, LP (an entity managed by Lind Partners, LLC) (“Lind”) and the Company pursuant to which APCIG agreed not to make demand for repayment of their loan to the Company during the term of the Convertible Security Funding Agreement between the Company and Lind (refer to section 2.1 above for further detail).

In consideration for their support, the Company proposes, subject to obtaining Shareholder approval, to issue 5,000,000 unlisted Options to Hanhong (or its nominee) on the terms and conditions set out below.

Number of Options	Exercise Price	Expiry Date
5,000,000	\$0.030	22 August 2019

Other terms and conditions of the Options are set out in Annexure B.

Resolution 11 seeks Shareholder approval for the issue of 5,000,000 unlisted Options to Hanhong (or its nominee), a related party of the Company.

8.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

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 Options constitutes giving a financial benefit and Hanhong is a related party of the Company by virtue of being an entity controlled by Director, Mr Simon Liu.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX’s opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors (other than Mr Simon Liu who has a material personal interest in the outcome of this Resolution 11) that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Options to Hanhong (or its nominee).

8.3 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Options:

- (a) the related party is Hanhong New Energy Holdings Ltd (or its nominee), and it is a related party of the Company by virtue of being an entity controlled by Director, Mr Simon Liu;

- (c) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the related party is 5,000,000;
- (d) the Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (e) the Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (f) the terms and conditions of the Options are set out above at section 8.1 and are as set out in Annexure B;
- (g) the value of the Options and the pricing methodology is set out in Schedule 3;
- (h) the relevant interests of Hanhong in securities of the Company is set out below:

Related Party	Shares	Options
Hanhong New Energy Holdings Ltd	207,118,403 ¹	10,000,000 ²

Notes:

- 1) Comprising 45,271,042 Shares held by Hanhong New Energy Holdings Ltd and 161,847,361 Shares held by Smart Vision Investment Group Pty Ltd (entities of which Mr Simon Liu is a major shareholder).
- 2) Comprising 5,000,000 Options exercisable at \$0.015 each, on or before 12 October 2019 and 5,000,000 Options exercisable at \$0.04 each, on or before 12 October 2019.

- (i) The Company received \$1,200,000 from Hanhong pursuant to a loan agreement between the Company and Hanhong dated 29 May 2015 (as amended) ("Hanhong Loan Agreement"). On 19 August 2015, the Hanhong Loan Agreement was fully discharged through the issue of Shares in the Company to a nominee of Hanhong and accordingly, no amount is owing to Hanhong as at the date of this Notice. Hanhong has received no financial benefit from the Company in the previous financial year nor in the current financial year to 31 March 2017;
- (j) if the Options granted to Hanhong are exercised, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 1,991,480,485 to 1,996,480,485 (assuming that no other Shares are issued or Options exercised) with the effect that the shareholding of existing Shareholders would be diluted by 0.25%;

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out at section 6.3;
- (l) the primary purpose of the grant of the Options to Hanhong is to provide consideration to Hanhong in lieu of financial support provided to the Company;
- (m) the Directors (other than Mr Simon Liu who has a material personal interest in the outcome of this Resolution) recommend that Shareholders vote in favour of this Resolution 11 for the following reasons:
 - (i) the grant of the Options is a reasonable and appropriate method to provide cost effective consideration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on advancing its gold projects than it would if alternative cash forms of consideration were given to Hanhong; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed;

- (n) in forming their recommendations, each Director considered the current market price of Shares, the current market practices when determining the number of Options to be granted as well as the exercise price and expiry date of those Options;
- (o) information in relation to Mr Simon Liu (including his relevant interests in securities of the Company and remuneration) is set out above at section 6.3 (refer to the Explanatory Statement for Resolution 8); and
- (p) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 11.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options to Hanhong (or its nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Options to Hanhong (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

RESOLUTION 12 – ISSUE OF OPTIONS TO RELATED PARTY - TASMAN FUNDS MANAGEMENT PTY LTD

9.1 General

Tasman Funds Management Pty Ltd ("Tasman") is a company related to Dr Eric Zhang, a director of the Company. Tasman is a substantial shareholder in the Company and is also a lender to the Company. Tasman has been a strong supporter of the Company and has provided financial support and letters of support to the Company and more recently agreed to a standstill agreement with The Australian Special Opportunity Fund, LP (an entity managed by Lind Partners, LLC) ("Lind") and the Company pursuant to which they agreed not to make demand for repayment of their loan to the Company during the term of the Convertible Security Funding Agreement between the Company and Lind (refer to section 2.1 above for further detail).

In consideration for their support, the Company proposes, subject to obtaining Shareholder approval, to issue 5,000,000 unlisted Options to Tasman (or its nominee) on the terms and conditions set out below.

Number of Options	Exercise Price	Expiry Date
5,000,000	\$0.030	22 August 2019

Other terms and conditions of the options are set out in Annexure B.

Resolution 12 seeks shareholder approval for the issue of 5,000,000 unlisted Options to Tasman (or its nominee), a related party of the Company.

9.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

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 Options constitutes giving a financial benefit and Tasman is a related party of the Company by virtue of being an entity controlled by Director, Dr Eric Zhang.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors (other than Dr Eric Zhang who has a material personal interest in the outcome of this Resolution 12) that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Options to Tasman (or its nominee).

9.3 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Options:

- (a) the related party is Tasman Funds Management Pty Ltd (or its nominee), and it is a related party of the Company by virtue of being an entity controlled by Director, Dr Eric Zhang;
- (b) the maximum number of Options (being the financial benefit to be provided to the related party) to be granted to the related party is 5,000,000;
- (c) the Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Options are set out above at section 9.1 and are as set out in Annexure B;
- (f) the value of the Options and the pricing methodology is set out in Schedule 4;
- (g) the relevant interests of Tasman in securities of the Company is set out below:

Related Party	Shares	Options
Tasman Funds Management Pty Ltd	327,309,942 ¹	3,000,000 ²

Notes:

- 1) Shares held by Tasman Funds Management Pty Ltd (an entity which is controlled by Dr Eric Zhang).
- 2) Comprising 3,000,000 Options exercisable at \$0.015 each, on or before 12 October 2019.

- (h) The Company received \$1,650,000 from Tasman pursuant to a convertible note agreement between the Company and Tasman dated 15 June 2015 (as amended) ("Tasman Convertible Note Agreement"). Interest payable to Tasman (which accrues at a rate of 12% per annum in accordance with terms of the Tasman Convertible Note Agreement) amounted to \$179,690 in the previous financial year and \$149,404 in the current financial year to 31 March 2017. The Company has repaid nil to Tasman under the Tasman Convertible Note Agreement as at the date of this Notice;
- (i) if the Options granted to Tasman are exercised, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 1,991,480,485 to 1,996,480,485 (assuming that no other Shares are issued or Options exercised) with the effect that the shareholding of existing Shareholders would be diluted by 0.25%;

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out at section 6.3;
- (k) the primary purpose of the grant of the Options to Tasman is to provide consideration to Tasman in lieu of financial support provided to the Company;

- (l) the Directors (other than Dr Eric Zhang who has a material personal interest in the outcome of this Resolution) recommend that Shareholders vote in favour of this Resolution 12 for the following reasons:
- (i) the grant of the Options is a reasonable and appropriate method to provide cost effective consideration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on advancing its gold projects than it would if alternative cash forms of consideration were given to Tasman; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed;
- (m) in forming their recommendations, each Director considered the current market price of Shares, the current market practices when determining the number of Options to be granted as well as the exercise price and expiry date of those Options;
- (n) information in relation to Dr Eric Zhang (including his relevant interests in securities of the Company and remuneration) is set out above at section 6.3 (refer to the Explanatory Statement for Resolution 9); and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 12.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options to Tasman (or its nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Options to Tasman (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

RESOLUTION 13 – ISSUE OF OPTIONS TO KAMJOH PTY LIMITED ATF TA KAMARA GROUP

10.1 General

Resolution 13 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 5,000,000 unlisted Options (on the terms and conditions set out below) to Kamjoh Pty Limited ATF TA Kamara Group ("Kamara Group") (or its nominee) in consideration for corporate advisory services provided by the Kamara Group.

Number of Options	Exercise Price	Expiry Date
5,000,000	\$0.030	22 August 2019

Other terms and conditions of the Options are set out in Annexure B.

10.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out above at section 1.2.

By approving this issue, the Company will be allowed to issue the Options 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.

10.3 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 Options to be issued is 5,000,000;
- (b) The Options will be granted no later than 3 months after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;

- (c) The Options will be issued for nil consideration in satisfaction of corporate advisory services provided by Kamara Group to the Company.
 - (d) The Options will be granted to Kamjoh Pty Limited ATF TA Kamara Group (or its nominee), an unrelated party of the Company;
 - (e) The terms and conditions of the Options are set out above at section 10.1 and are as set out in Annexure B; and
 - (f) No funds will be raised from the issue as the Options will be issued in consideration for corporate advisory services provided by the Kamara Group to the Company.
-

RESOLUTION 14 – APPROVAL OF TERMINATION PAYMENT TO MR ROBERT THOMSON

11.1 General

As set out in section 7.1 above, Mr Robert Thomson was appointed as Managing Director of the Company on 25 November 2016.

The Company has entered into an executive agreement with Mr Robert Thomson pursuant to which Mr Thomson is appointed as Managing Director of the Company (“Executive Agreement”). Under the terms of the Executive Agreement, Mr Thomson’s employment will continue until it is terminated in accordance with the terms of the Executive Agreement.

The material terms of the Executive Agreement are as follows:

- (a) **Salary:** in consideration for services provided by Mr Thomson as Managing Director, Mr Thomson will be entitled to base salary of \$250,000 per annum plus superannuation, payable monthly and reviewed annually on or around 1 November;
- (b) **Sign-on payment:** Mr Thomson will receive a cash payment of \$8,000 plus superannuation upon execution of the Executive Agreement;
- (c) **Sign-on incentives:** Subject to Shareholder approval, Mr Thomson will be issued 2,500,000 Shares (the subject of Resolution 10) and 20,000,000 Options upon execution of the Executive Agreement (the subject of Resolution 10);
- (d) **Performance incentives:** Subject to Shareholder approval and the satisfaction of a number of performance milestones, Mr Thomson may receive:
 - a. up to 10,000,000 Performance Rights (the subject of Resolution 10);
 - b. up to 75,000,000 Options (the subject of Resolution 10); and
 - c. up to \$75,000, payable in three equal instalments of \$25,000 each;
- (e) **Termination:** either party may terminate Mr Thomson’s employment for any reason by the giving of four months written notice to the other party. The Company may terminate Mr Thomson’s employment by making a payment in lieu of notice, to the value of all remuneration and benefits Mr Thomson would have earned or received during the notice period; and
- (f) **Termination payment:** Subject to Shareholder approval, in the event of termination of Mr Thomson’s employment on the grounds of redundancy, Mr Thomson will be entitled to a redundancy payment equal to the value of 12 months of his annual remuneration package (being \$250,000 plus superannuation), in addition to notice of termination or a payment in lieu of notice, the total value being up to \$333,333 plus superannuation (based on 12 months of annual remuneration together with a payment in lieu of notice) (**Redundancy Payment**).

Refer to the Company’s ASX Announcement dated 4 April 2017 for further detail.

11.2 Part 2D.2 of the Corporations Act

Part 2D.2 of the Corporations Act restricts the benefits which can be given to certain persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with a company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

In accordance with the terms of the Executive Agreement, Shareholder approval for the Redundancy Payment is being sought pursuant to sections 200B and 200E of the Corporations Act.

11.3 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out above at section 7.2.

The Redundancy Payment constitutes giving a financial benefit and Mr Robert Thomson is a related party by virtue of being a Director of the Company.

The Directors (other than Mr Robert Thomson who has a material personal interest in the outcome of this Resolution 14) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Redundancy Payment because the agreement to make the Redundancy Payment as part of Mr Thomson's remuneration package was negotiated on an arm's length basis. Refer to Resolution 10 for further information in relation to Mr Thomson's appointment as Managing Director.

11.4 ASX Listing Rule 10.19

ASX Listing Rule 10.19 provides that, without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The value of the Redundancy Payment exceeds 5% of the Company's equity interests as set out in the latest accounts given to ASX. Accordingly, Shareholder approval is being sought under ASX Listing Rule 10.19 in respect of the Redundancy Payment.

RESOLUTIONS 15 TO 17 – ISSUE OF SHARES TO RELATED PARTIES – MESSRS FOURIE, LIU AND ZHANG

12.1 General

The Director fees currently payable to Non-Executive Directors of the Company are as follows:

- (a) Non-Executive Chairman \$75,000 per annum; and
- (b) Non-Executive Directors \$50,000 per annum.

To maintain its cash reserves, the Company proposes to offer the Non-Executive Directors the option to receive their Director fees for the year ending 31 December 2017 in advance, in Shares in the Company. The Shares will be issued at a deemed issue price of \$0.02 per Share. The Company confirms that no Director fees have been paid to the Directors in 2017.

Resolutions 15 to 17 seek Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of 8,750,000 Shares to the Non-Executive Directors as set out in the table below.

Director	Director Fee	Number of Shares
Mr Trevor Fourie	\$75,000	3,750,000
Mr Simon Liu	\$50,000	2,500,000
Eric Zhang	\$50,000	2,500,000
Total	\$175,000	8,750,000

12.2 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 constitutes giving a financial benefit and Messrs Trevor Fourie, Simon Liu and Eric Zhang are related parties of the Company by virtue of being Directors.

The Directors (other than Messrs Trevor Fourie, Simon Liu and Eric Zhang who have material personal interest in Resolutions 15 to 17 (respectively)) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares because the agreement to issue the Shares in lieu of Director fees, is considered reasonable remuneration in the circumstances.

12.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 7.3 above.

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

12.4 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 Resolutions 15 to 17:

- (a) the Shares will be issued to Messrs Trevor Fourie, Simon Liu and Eric Zhang, related parties of the Company by virtue of being Non-Executive Directors;
- (b) the maximum number of Shares to be issued is 8,750,000, being:
 - (i) 3,750,000 Shares to Mr Trevor Fourie;
 - (ii) 2,500,000 Shares to Mr Simon Liu; and
 - (iii) 2,500,000 Shares to Dr Eric Zhang;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Shares will be issued at a deemed issue price of \$0.02 per Share. The deemed issue price of \$0.02 per Share was determined by the Board on 10 March 2017 having regard to the volume weighted average price (VWAP) of \$0.018 for the 20 days to 9 March 2017 when Shares were traded;
- (e) the Shares will be issued for nil cash consideration in satisfaction of Director fees payable for the year ended 31 December 2017, accordingly no funds will be raised; and
- (f) the Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Messrs Trevor Fourie, Simon Liu and Eric Zhang will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

12.5 Additional Information

As set out at Section 12.4 above, the deemed issue price of the Shares is \$0.02 per Share. Accordingly, based on this deemed issue price, the value of the Shares to be issued to the Directors in satisfaction of fees payable is as follows:

- (a) \$75,000 (in respect of 3,750,000 Shares to be issued to Mr Trevor Fourie);
- (b) \$50,000 (in respect of 2,500,000 Shares to be issued to Mr Simon Liu); and
- (c) \$50,000 (in respect of 2,500,000 Shares to be issued to Dr Eric Zhang).

The Directors (other than Messrs Fourie, Liu and Zhang who had a material personal interest) considered the current market practices when determining the number of Shares to be issued as well as the deemed issue price of the Shares to be issued to the Directors in satisfaction of fees. The deemed issue price of \$0.02 per Share was determined by the Board on 10 March 2017 having regard to the volume weighted average price (VWAP) of \$0.018 for the 20 days to 9 March 2017 when Shares were traded. The Directors were also mindful of the need to conserve the Company's limited cash resources.

RESOLUTION 18 – ISSUE OF SHARES TO EMPLOYEES – MR GEORGE JENKINS AND MR CHIN HAW LIM

13.1 General

Resolution 18 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 1,000,000 Shares to each of Mr George Jenkins, the group's Chief Executive Officer, South Africa and Mr Chin Haw Lim, the Company's Chief Financial Officer and Company Secretary (as set out in the table below) in lieu of salary. The Shares will be issued at a deemed issue price of \$0.02 per Share. The Company notes that the deemed issue price of \$0.02 per Share was determined by the Board on 10 March 2017 having regard to the volume weighted average price (VWAP) of \$0.018 when Shares were traded.

The issue of Shares to Messrs George Jenkins and Chin Haw Lim will enable the Company to minimise its cash outflows and to apply a greater proportion of its cash reserves on advancing its gold projects. The Company also encourages employees to hold Shares as it serves to align employee interests with those of Shareholders.

Employee	Number of Shares	Consideration
Mr George Jenkins	1,000,000	In lieu of salary to the value of \$20,000 (net of tax)
Mr Chin Haw Lim	1,000,000	In lieu of salary to the value of \$20,000 (net of tax)

13.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

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.

13.3 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 2,000,000 Shares, being:
 - a. 1,000,000 to Mr George Jenkins, an unrelated party of the Company; and
 - b. 1,000,000 to Mr Chin Haw Lim, an unrelated party of the Company;

- (b) The Shares will be issued no later than 3 months after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Shares will occur on the same date;
- (c) The deemed issued price will be \$0.02 per Share.
- (d) The Shares will be issued to Messrs George Jenkins and Chin Haw Lim (and/or their nominees) who are not related parties of the Company;
- (e) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) No funds will be raised from the issue as the Shares are being issued in consideration of employment services provided by Messrs George Jenkins and Chin Haw Lim to the Company.

Enquiries

Shareholders are encouraged to contact the Company Secretary on (+61 8) 7324 6000 if they have any queries in respect to the matters set out in these documents.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Company to which this Notice of Meeting relates will be held at 12.00 pm (AEST) on 23 June 2017 at:

North Sydney Harbourview Hotel
(Bradfield Room 3)
17 Blue Street
North Sydney NSW 2060

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the proxy form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. (If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.)

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must call all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the

proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair on certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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.

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.

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 Company's constitution.

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

Directors means the current directors 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 to acquire a Share.

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.

ANNEXURE A

TERMS AND CONDITIONS OF SIGN-ON OPTIONS

The terms of the Options are as follows:

- (a) Each Option will confer on the option-holder the right to acquire, upon exercise of the Option, 1 fully-paid ordinary share in the capital of the Company (**Share**) for an exercise price of \$0.020 per Share.
- (b) Each Option will vest on the date of approval by shareholders in general meeting (**Vesting Date**) and (subject to paragraphs (d) and (h) below) expire on 30 April 2020 (**Expiry Date**). Immediately after the Expiry Date, the Options and all rights attaching to them will automatically terminate.
- (c) Each Option may only be exercised on or after the Vesting Date and on or before the Expiry Date, and only by completing an Option exercise form and providing payment for the number of shares in respect of which the Options are exercised, to the registered office of the Company.
- (d) The Options will automatically lapse 90 days after the option-holder ceases to be an employee of the Group, unless the board of directors of the Company (**Board**) determines otherwise.
- (e) The Options are not transferable.
- (f) Shares issued upon exercise of Options will rank pari passu in all respects with the Company's then-issued ordinary fully-paid shares.
- (g) There are no participating rights and entitlements inherent in the Options and option-holders will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the Options without exercising their Options. However, the Company will ensure that option-holders will be allowed ten business days notice to convert any vested and unexpired Options to Shares in order to participate in an entitlement issue on the same basis as shareholders of the Company.
- (h) If any takeover bid (including by way of scheme of arrangement or otherwise) is publicly announced in respect of the Company, then the following provisions apply in relation to the takeover bid:
 - (i) the Company must promptly give written notice of the takeover bid (**Notice**) to the option-holder, whereupon all Options (unvested or which have vested and not lapsed or expired) may only be exercised at or before the end of the Takeover Exercise Period or, if applicable, the end of the further seven day period referred to in (iii) below.

For the purposes of this paragraph (h), the **Takeover Exercise Period** is the period ending on the later of:

- A. 60 days after receiving the Notice; and
 - B. the date that a takeover bid (which is recommended for acceptance by the Board) becomes unconditional.
- (ii) If, during the Takeover Exercise Period, the person making the takeover bid (**Bidder**) offers to grant options in the capital of the Bidder (**Replacement Options**) to the option-holder (and, for the avoidance of doubt, this does not obligate the Company in any way to procure such an offer from the Bidder) in consideration for the cancellation or acquisition of the Options, the option-holder may, in their discretion, accept such Replacement Options instead of exercising their Options.
 - (iii) If no offer of Replacement Options is made during the Takeover Exercise Period and accepted, the option-holder has (other than in the case of a scheme of arrangement) a further seven days' grace after the end of the Takeover Exercise Period within which to exercise their Options (**Grace Period**).
 - (iv) Any Options which have not been exercised on or before the end of the Takeover Exercise Period or the Grace Period (whichever applies) will automatically lapse.
 - (v) For the avoidance of doubt, where the Expiry Date occurs before the end of the Takeover Exercise Period or the Grace Period (whichever applies), the Options will automatically lapse if they are not exercised on or before the Expiry Date.

(vi) If the takeover bid lapses or is withdrawn or closes without being recommended for acceptance by the Board, whether the bid is conditional or unconditional, then the provisions of all the paragraphs hereof will revive in respect of any unexercised Options which Options will remain on foot.

(i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date of the Options, the number of Options or the exercise price of the Options, or both, shall be reconstructed in accordance with the Listing Rules.

(j) **Adjustment for bonus issues**

If the Company makes a bonus issue of Shares or other securities to existing shareholders of the Company (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the exercise price of the Options.

(k) **Adjustment for pro rata issue**

If the Company makes a pro rata issue of Shares or other securities to existing shareholders of the Company (other than a bonus issue or an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

ANNEXURE B

TERMS AND CONDITIONS OF INCENTIVE OPTIONS

The terms of the Options are as follows:

- (a) Each Option will confer on the option-holder the right to acquire, upon exercise of the Option and payment of the applicable exercise price, 1 fully-paid ordinary share in the capital of the Company.
- (b) Each Option will vest immediately upon the applicable performance hurdle being satisfied (**Vesting Date**) and (subject to paragraphs (d) and (h) below) expire on the date that is five years from the date of grant of the Options to the option-holder (**Expiry Date**). Immediately after the Expiry Date, the Options and all rights attaching to them will automatically terminate.
- (c) Each Option may only be exercised on or after the Vesting Date and on or before the Expiry Date, and only by completing an Option exercise form and providing payment for the number of shares in respect of which the Options are exercised, to the registered office of the Company.
- (d) The Options will automatically lapse 90 days after the option-holder ceases to be a director or an employee of the Group, unless the board of directors of the Company (**Board**) determines otherwise.
- (e) The Options are not transferable.
- (f) Shares issued upon exercise of Options will rank pari passu in all respects with the Company's then-issued ordinary fully-paid shares.
- (g) There are no participating rights and entitlements inherent in the Options and option-holders will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the Options without exercising their Options. However, the Company will ensure that option-holders will be allowed twenty business days' notice to convert any vested and unexpired Options to Shares in order to participate in an entitlement issue on the same basis as shareholders of the Company.
- (h) If any takeover bid (including by way of scheme of arrangement or otherwise) is publicly announced in respect of the Company, then the following provisions apply in relation to the takeover bid:
 - (i) the Company must promptly give written notice of the takeover bid (**Notice**) to the option-holder, whereupon all Options (unvested or which have vested and not lapsed or expired) may only be exercised at or before the end of the Takeover Exercise Period or, if applicable, the end of the further seven day period referred to in (iii) below.

For the purposes of this paragraph (h), the **Takeover Exercise Period** is the period ending on the later of:

- A. 60 days after receiving the Notice; and
 - B. the date that a takeover bid (which is recommended for acceptance by the Board) becomes unconditional.
- (ii) If, during the Takeover Exercise Period, the person making the takeover bid (**Bidder**) offers to grant options in the capital of the Bidder (**Replacement Options**) to the option-holder (and, for the avoidance of doubt, this does not obligate the Company in any way to procure such an offer from the Bidder) in consideration for the cancellation or acquisition of the Options, the option-holder may, in their discretion, accept such Replacement Options instead of exercising their Options.
 - (iii) If no offer of Replacement Options is made during the Takeover Exercise Period and accepted, the option-holder has (other than in the case of a scheme of arrangement) a further seven days' grace after the end of the Takeover Exercise Period within which to exercise their Options (**Grace Period**).
 - (iv) Any Options which have not been exercised on or before the end of the Takeover Exercise Period or the Grace Period (whichever applies) will automatically lapse.
 - (v) For the avoidance of doubt, where the Expiry Date occurs before the end of the Takeover Exercise Period or the Grace Period (whichever applies), the Options will automatically lapse if they are not exercised on or before the Expiry Date.

(vi) If the takeover bid lapses or is withdrawn or closes without being recommended for acceptance by the Board, whether the bid is conditional or unconditional, then the provisions of all the paragraphs hereof will revive in respect of any unexercised Options which Options will remain on foot.

(j) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date of the Options, the number of Options or the exercise price of the Options, or both, shall be reconstructed in accordance with the Listing Rules.

(k) **Adjustment for bonus issues**

If the Company makes a bonus issue of Shares or other securities to existing shareholders of the Company (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the exercise price of the Options.

(l) **Adjustment for pro rata issue**

If the Company makes a pro rata issue of Shares or other securities to existing shareholders of the Company (other than a bonus issue or an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

ANNEXURE C – TERMS AND CONDITIONS OF \$0.025 OPTIONS

- (a) **Nature of Options:**
- (i) Each Option shall grant the holder of that Option the right to be issued one Share at the exercise price of \$0.025 per Option (**Option Exercise Price**).
 - (ii) Each Option shall be exercisable at any time after the time of its grant and prior to the date that is thirty six (36) calendar months after the date granted to the holder (**Expiry Date**) after which time it will lapse.
- (b) **Exercise of Options:**
- (i) Without limiting the generality of, and subject to, the other provisions of the Agreement, an Option holder may exercise any of its Options at any time prior to their expiration, by delivery of:
 - (A) a copy, whether facsimile or otherwise, of a duly executed Option exercise form substantially in the form attached to the Agreement as Annexure A (the **Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder); and
 - (B) payment of an amount equal to the Option Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time (the **Exercise Price**), by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder).
 - (i) As soon as reasonably practicable, but in any event no later than one (1) Business Day after receipt of a duly completed Exercise Form and the payment referred to in clause (b)(i)(A), the Company shall cause its securities registrar to:
 - (A) issue and electronically deliver the Shares in respect of which the Options are so exercised by the Option holder; and
 - (B) provide to the Option holder holding statements evidencing that such Shares have been recorded on the Share register.
- (c) **Bonus Issues:** If, prior to an exercise of an Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on exercise of the Option, the number of Shares over which an Option is exercisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the date on which entitlements to the issue were calculated.
- (d) **Rights Issues:** If prior to an exercise of an Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' Share holding at the time of the offer, the Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).
- (e) **Reconstruction of Capital:** In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:
- (i) the number of the Shares to which each Option holder is entitled on exercise of the outstanding Options shall be reduced or increased in the same proportion as,

and the nature of the Shares shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and

- (ii) an appropriate adjustment shall be made to the Option Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options shall not alter.

- (f) **Cumulative Adjustments:** Full effect shall be given to the provisions of clauses (c) to (e), as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

- (g) **Notice of Adjustments:** Whenever the number of Shares over which an Option is exercisable, or the Option Exercise Price, is adjusted pursuant to this Agreement, the Company shall give notice of the adjustment to all the Option holders, within one (1) Business Day.

- (h) **Rights Prior to Exercise:** Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.

- (i) **Redemption:** The Options shall not be redeemable by the Company.

- (j) **Assignability and Transferability:** The Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable Law. The holder will notify the Company in writing within five (5) business days of any assignment or transfer of the Options.

ANNEXURE D – TERMS AND CONDITIONS OF \$0.03 OPTIONS

- (a) **Nature of Options:**
- (i) Each Option shall grant the holder of that Option the right to be issued one Share at the exercise price of \$0.03 per Option (**Option Exercise Price**).
 - (ii) Each Option shall be exercisable at any time after the time of its grant and prior to the date that is thirty six (36) calendar months after the date granted to the holder (**Expiry Date**) after which time it will lapse.
- (b) **Exercise of Options:**
- (i) Without limiting the generality of, and subject to, the other provisions of the Agreement, an Option holder may exercise any of its Options at any time prior to their expiration, by delivery of:
 - (A) a copy, whether facsimile or otherwise, of a duly executed Option exercise form substantially in the form attached to the Agreement as Annexure A (the **Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder); and
 - (B) payment of an amount equal to the Option Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time (the **Exercise Price**), by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder).
 - (iii) As soon as reasonably practicable, but in any event no later than one (1) Business Day after receipt of a duly completed Exercise Form and the payment referred to in clause (b)(i)(A), the Company shall cause its securities registrar to:
 - (A) issue and electronically deliver the Shares in respect of which the Options are so exercised by the Option holder; and
 - (C) provide to the Option holder holding statements evidencing that such Shares have been recorded on the Share register.
- (c) **Bonus Issues:** If, prior to an exercise of an Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on exercise of the Option, the number of Shares over which an Option is exercisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the date on which entitlements to the issue were calculated.
- (d) **Rights Issues:** If prior to an exercise of an Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' Share holding at the time of the offer, the Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).
- (e) **Reconstruction of Capital:** In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:
- (iv) the number of the Shares to which each Option holder is entitled on exercise of the outstanding Options shall be reduced or increased in the same proportion as,

and the nature of the Shares shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and

- (f) an appropriate adjustment shall be made to the Option Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options shall not alter.
- (g) **Cumulative Adjustments:** Full effect shall be given to the provisions of clauses (c) to (e), as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.
- (h) **Notice of Adjustments:** Whenever the number of Shares over which an Option is exercisable, or the Option Exercise Price, is adjusted pursuant to this Agreement, the Company shall give notice of the adjustment to all the Option holders, within one (1) Business Day.
- (i) **Rights Prior to Exercise:** Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.
- (j) **Redemption:** The Options shall not be redeemable by the Company.
- (k) **Assignability and Transferability:** The Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable Law. The holder will notify the Company in writing within five (5) business days of any assignment or transfer of the Options.

ANNEXURE E – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (h), 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 (AEST) on 22 August 2019 (**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**)

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**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.

(e) **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**).

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

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 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 (f)(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.

(g) **Shares issued on exercise**

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

(h) **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.

(i) **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.

(j) **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.

(k) **Transferability**

The Options are not transferable.

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS AND OPTION PLAN

The key terms of the Performance Rights and Option Plan (“Plan”) are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Awards under the Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Awards are quoted on the ASX, Awards issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant Offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
 - (ii) a change of control occurring; or

- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
- (i) an unauthorised dealing, or hedging of, the Award occurring;
 - (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Award;
 - (iii) in respect of unvested Awards only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within ninety (90) days (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award;
 - (vii) the expiry date of the Award.
- (h) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.
- (i) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- (j) **No Participation Rights:** There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.
- (k) **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Awards and subject to compliance with the ASX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (l) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.

SCHEDULE 2 – INDEPENDENT VALUATION OF PERFORMANCE RIGHTS AND OPTIONS

The Performance Rights and Options to be issued pursuant to Resolutions 6 to 9 have been independently valued by Stantons International Securities Pty Ltd (trading as Stantons International Securities) ABN 42 128 908 289 AFS Licence No. 448697 (**Stantons**). The valuation noted below is not necessarily the market price that the Performance Rights and Options could be traded at and is not automatically the market price for taxation purposes.

(i) Incentive Options – Mr Trevor Fourie

The Options to be issued to Mr Trevor Fourie pursuant to Resolution 6 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Options to be issued to Mr Fourie were ascribed the following value:

Assumptions:			
Valuation date	16 March 2017		
Market price of Shares	2.4 cents		
Expiry date (length of time from issue)	5 years from the date of issue		
Risk free interest rate ¹	2.40%		
Volatility	100%		
	Class of Incentive Options		
	Class B	Class C	Class H
Exercise price	\$0.035	\$0.040	\$0.025
Indicative value per Option	1.2628 cents	0.9008 cents	1.7926 cents
Number of Options	2,000,000	2,000,000	5,000,000
Total Value of Options	\$25,256	\$18,016	\$89,630

Notes:

- The risk-free interest rate is based on expiry date of the Incentive Options and the five-year Australian government bond as at 15 March 2017.
- In terms of the A-IFRS Accounting Standard on Share Based payments, where there are market based vesting conditions, a discount is applied to take into account the probability of the Options not vesting. Accordingly, the fair value of the Class B Options has been discounted by 25% and the fair value of the Class C Options has been discounted by 45% to account for the probability of the Options not vesting.

(i) Performance Rights – Mr Bill Richie Yang

The Performance Rights to be issued to Mr Bill Richie Yang pursuant to Resolution 7 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Performance Rights to be issued to Mr Bill Richie Yang were ascribed the following value:

Assumptions:				
Valuation date	16 March 2017			
Market price of Shares	2.4 cents			
Exercise price	Nil			
Expiry date (length of time from issue)	5 years from the date of issue			
Volatility	100%			
	Class of Performance Rights			
	Class A	Class B	Class C	Class D

Indicative value per Performance Right	2.4 cents	1.8 cents	1.32 cents	0.72 cents
Number of Performance Rights	1,500,000	1,500,000	1,500,000	5,000,000
Total Value of Performance Rights	\$36,000	\$27,000	\$19,800	\$36,000

Notes:

- The independent expert believes a discount can be applied to the underlying value of the Performance Rights (being the latest Share price as at 16 March 2017) because the Performance Rights have market based vesting conditions. In terms of the A-IFRS Accounting Standard on Share Based payments, where there are market conditions, a discount is applied to take into account the probability of the Performance Rights not vesting. Accordingly, the fair value of the Performance Rights above (being Class A, Class B, Class C and Class D Performance Rights) has been discounted by 0%, 25%, 45% and 70% respectively to account for the probability of the Performance Rights not vesting.

(i) Incentive Options – Mr Bill Richie Yang

The Incentive Options to be issued to Mr Bill Richie Yang pursuant to Resolution 7 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Options to be issued to Mr Yang were ascribed the following value:

Assumptions:				
Valuation date	<i>16 March 2017</i>			
Market price of Shares	<i>2.4 cents</i>			
Expiry date (length of time from issue)	<i>5 years from the date of issue</i>			
Risk free interest rate ¹	<i>2.40%</i>			
Volatility	<i>100%</i>			
	Class of Incentive Options			
	Class A	Class B	Class C	Class H
Exercise price	<i>\$0.030</i>	<i>\$0.035</i>	<i>\$0.040</i>	<i>\$0.025</i>
Indicative value per Option	<i>1.7347 cents</i>	<i>1.2628 cents</i>	<i>0.9008 cents</i>	<i>1.7926 cents</i>
Number of Options	<i>7,500,000</i>	<i>7,500,000</i>	<i>7,500,000</i>	<i>15,000,000</i>
Total Value of Options	<i>\$130,102</i>	<i>\$94,710</i>	<i>\$67,560</i>	<i>\$268,890</i>

Notes:

- The risk-free interest rate is based on the expiry date of the Incentive Options and the five-year Australian government bond as at 15 March 2017.
- In terms of the A-IFRS Accounting Standard on Share Based payments, where there are market based vesting conditions, a discount is applied to take into account the probability of the Options not vesting. Accordingly, the fair value of the Class B Options has been discounted by 25% and the fair value of the and Class C Options has been discounted by 45% to account for the probability of the Options not vesting.

(ii) **Incentive Options – Mr Simon Liu**

The Incentive Options to be issued to Mr Simon Liu pursuant to Resolution 8 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Options to be issued to Mr Liu were ascribed the following value:

Assumptions:		
Valuation date	<i>16 March 2017</i>	
Market price of Shares	2.4 cents	
Expiry date (length of time from issue)	<i>5 years from the date of issue</i>	
Risk free interest rate ¹	2.40%	
Volatility	100%	
	Class of Incentive Options	
	Class B	Class C
Exercise price	\$0.035	\$0.040
Indicative value per Option	1.2628 cents	0.9008 cents
Number of Options	2,000,000	2,000,000
Total Value of Options	\$25,256	\$18,016

Notes:

1. The risk-free interest rate is based on the expiry date of the Incentive Options and the five-year Australian government bond as at 15 March 2017.
2. In terms of the A-IFRS Accounting Standard on Share Based payments, where there are market based vesting conditions, a discount is applied to take into account the probability of the Options not vesting. Accordingly, the fair value of the Class B Options has been discounted by 25% and the fair value of the Class C Options has been discounted by 45% to account for the probability of the Options not vesting.

(iii) **Incentive Options – Mr Eric Zhang**

The Incentive Options to be issued to Mr Eric Zhang pursuant to Resolution 9 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Options to be issued to Mr Zhang were ascribed the following value:

Assumptions:		
Valuation date	<i>16 March 2017</i>	
Market price of Shares	2.4 cents	
Expiry date (length of time from issue)	<i>5 years from the date of issue</i>	
Risk free interest rate ¹	2.40%	
Volatility (discount)	100%	
	Class of Incentive Options	
	Class B	Class C
Exercise price	\$0.035	\$0.040
Indicative value per Option	1.2628 cents	0.9008 cents
Number of Options	2,000,000	2,000,000
Total Value of Options	\$25,256	\$18,016

Notes:

1. The risk-free interest rate is based on the expiry date of the Incentive Options and the five-year Australian Government bond as at 15 March 2017.
2. In terms of the A-IFRS Accounting Standard on Share Based payments, where there are market based vesting conditions, a discount is applied to take into account the probability of the Options not vesting. Accordingly, the fair value of the Class B Options has been discounted by 25% and the fair value of the Class C Options has been discounted by 45% to account for the probability of the Options not vesting.

(iv) Sign-on Options – Mr Bill Richie Yang

The Sign-on Options to be issued to Mr Bill Richie Yang pursuant to Resolution 7 have been independently valued.

Using the Black & Scholes option model and based on the assumptions set out below, the Options to be issued to Mr Yang were ascribed the following value:

Assumptions:	
Valuation date	<i>16 March 2017</i>
Market price of Shares	2.4 cents
Exercise price	2.0 cents
Expiry date (length of time from issue)	<i>30 April 2020</i>
Risk free interest rate ¹	2.08%
Volatility	100%
Indicative value per Option	1.5837 cents
Number of Options	15,000,000
Total Value of Options	\$237,555

Notes:

1. The risk-free interest rate is based on the expiry date of the Sign-on Options and the three-year Australian government bond as at 15 March 2017.

(v) Discount Methodology

The independent expert's rationale for adopting a 25% and 45% discount on the Class B and C Incentive Options and Class B and C Performance Rights is as follows:

It was noted that the past years Share price of a Stonewall Share was between 0.9 cents and 2.4 cents with an annualised volatility of around 100%. The Shares in the two weeks leading up to the valuation date traded in the range of 1.7 cents to 2.4 cents for a raw volatility from the low of around 41%. If we applied the raw volatility of 41% as an upside, the Share price may be 3.384 cents in the future. The number of times the vesting price is greater than the current Share price as at 16 March 2017 was 1.24 times or 1.458 times. The Share price at the valuation date was at its highest for the past six plus months and thus there were risks in meeting the vesting conditions of a 20 day VWAP of 3.0 cents and the 30 day VWAP of 3.5 cents. Based on our experience, other companies with similar multiples noted similar discounts (to the undiscounted option value) of approximately 25% for the 1.25 times multiple and 45% for the 1.458 times multiple.

The Independent Expert's rationale for adopting a 70% discount to the Class D Performance Rights is as follows:

The 70% discount to the Performance Shares with a market based vesting condition of \$125 million is compared with the current market capitalisation at valuation date of around \$46.61 million and thus the number of times the vesting condition (being, a market capitalisation of \$125 million) is to the current market capitalisation approximates 2.682 times. The Share price of a Stonewall Share would need to be around 6.436 cents, that is significantly higher than the current Share price and prices over the past six months. Based on our experience, other companies with similar multiples noted similar discounts (to the undiscounted Performance Right value) in the range of 70% to 80% (and occasionally higher) and we adopted a market based discount of 70%.

SCHEDULE 3 – VALUATION OF OPTIONS ISSUED TO HANHONG NEW ENERGY HOLDINGS LTD

The Options to be issued to Hanhong New Energy Holdings Ltd (“Hanhong”) pursuant to Resolution 11 have been independently valued by Stantons.

Using the Black & Scholes option model and based on the assumptions set out below, the Options issued to Hanhong were ascribed the following value:

Assumptions:	
Valuation date	<i>16 March 2017</i>
Market price of Shares	<i>2.4 cents</i>
Exercise price	<i>3.0 cents</i>
Expiry date (length of time from issue)	<i>22 August 2019</i>
Risk free interest rate ¹	<i>2.08%</i>
Volatility	<i>100%</i>
Indicative value per Option	<i>1.2323 cents</i>
Number of Options	<i>5,000,000</i>
Total Value of Options	<i>\$61,615</i>

Notes:

1. The risk-free interest rate is based on the expiry date of the Options and the three-year Australian Government bond as at 15 March 2017.
 2. The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.
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SCHEDULE 4 – VALUATION OF OPTIONS ISSUED TO TASMAN FUNDS MANAGEMENT PTY LTD

The Options to be issued to Tasman Funds Management Pty Ltd (“Tasman”) pursuant to Resolution 12 have been independently valued by Stantons.

Using the Black & Scholes option model and based on the assumptions set out below, the Options issued to Tasman were ascribed the following value:

Assumptions:	
Valuation date	<i>16 March 2017</i>
Market price of Shares	<i>2.4 cents</i>
Exercise price	<i>3.0 cents</i>
Expiry date (length of time from issue)	<i>22 August 2019</i>
Risk free interest rate	<i>2.08%</i>
Volatility	<i>100%</i>
Indicative value per Option	<i>1.2323 cents</i>
Number of Options	<i>5,000,000</i>
Total Value of Options	<i>\$61,615</i>

Notes:

1. The risk-free interest rate is based on the expiry date of the Options and the three-year Australian Government bond as at 15 March 2017.
2. The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 5 – DILUTIVE EFFECT OF RESOLUTIONS 6 TO 13 AND 15 TO 18

Resolution	Number of Securities to be Issued¹	Total number of Shares which may be issued²	Dilutive effect³
Resolution 6 – Issue of Options to Related Party – Mr Trevor Fourie	9,000,000 unlisted Options	9,000,000 Shares	0.45%
Resolution 7 - Issue of Performance Rights and Options to Related Party – Mr Bill Richie Yang	9,500,000 Performance Rights 52,500,000 unlisted Options	62,000,000 Shares	3.02%
Resolution 8 – Issue of Options to Related Party – Mr Simon Liu	4,000,000 unlisted Options	4,000,000 Shares	0.20%
Resolution 9 – Issue of Options to Related Party – Dr Eric Zhang	4,000,000 unlisted Options	4,000,000 Shares	0.20%
Resolution 10 – Issue of Securities to Related Party – Mr Robert Thomson	2,500,000 Shares 10,000,000 Performance Rights 95,000,000 unlisted Options	107,500,000 Shares	5.12%
Resolution 11 – Issue of Options to Related Party – Hanhong New Energy Holdings Ltd	5,000,000 unlisted Options	5,000,000 Shares	0.25%
Resolution 12 – Issue of Options to Related Party – Tasman Funds Management Pty Ltd	5,000,000 unlisted Options	5,000,000 Shares	0.25%
Resolution 13 – Issue of Options to Unrelated Party – KAMJOH Pty Limited TA Kamara Group	5,000,000 unlisted Options	5,000,000 Shares	0.25%
Resolution 15 - Issue of Shares to Related Party – Mr Trevor Fourie	3,750,000 Shares	3,750,000 Shares	0.19%
Resolution 16 - Issue of Shares to Related Party – Mr Simon Liu	2,500,000 Shares	2,500,000 Shares	0.13%
Resolution 17- Issue of Shares to Related Party – Dr Eric Zhang	2,500,000 Shares	2,500,000 Shares	0.13%
Resolution 18 – Issue of Shares to Employees	2,000,000 Shares	2,000,000 Shares	0.10%
Total		212,250,000	10.28%

Notes:

1. Subject to Shareholder approval.
2. This is the total number of Shares which may be issued assuming that all Options the subject of the relevant Resolution are exercised and all Performance Rights the subject of the relevant Resolution vest (as applicable).
3. The number of Shares on issue as at the date of this Notice is 1,991,480,485. This calculation assumes that other than the securities the subject of the Resolution, no other Shares are issued, no Options are exercised and that no Performance Rights vest.



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 12:00pm AEST on Wednesday 21 June, 2017.**

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 12:00pm AEST on Wednesday 21 June 2017.** 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 at the Meeting hereby appoint:

Name:

OR the Chair of the Meeting as my/our proxy (mark box)

or failing the person so named, or if no person is named, the Chair of the Meeting or the Chair's nominee, to vote in accordance with the following directions or if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 12.00pm (AEST) on Friday 23 June 2017 at North Sydney Harbourview Hotel (Bradfield Room 3), 17 Blue Street, North Sydney NSW 2060 and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 5 to 12 and 14 to 17 (except where I/we have indicated a different voting intention below) even though 5 to 12 and 14 to 17 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

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	Ratification of Prior Issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 10	Issue of Securities to Related Party – Mr Robert Thomson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 2	Ratification of Prior Issue of Securities Pursuant to Convertible Security Funding Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 11	Issue of Options to Related Party – Hanhong New Energy Holdings Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 3	Ratification of Issue of Convertible Security to Unrelated Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 12	Issue of Options to Related Party – Tasman Funds Management Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 4	Issue of Convertible Security Facility to Unrelated Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 13	Issue of Options to Unrelated Party – Kamjoh Pty Limited Atf Ta Kamara Group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 5	Enable the Issue of Performance Rights and Options Under an Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 14	Approval of Termination Payment to Mr Robert Thomson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 6	Issue of Options to Related Party – Mr Trevor Fourie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 15	Issue of Shares to Related Party – Mr Trevor Fourie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 7	Issue of Performance Rights and Options to Related Party – Mr Bill Richie Yang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 16	Issue of Shares to Related Party – Mr Yang Liu ("Simon Liu")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 8	Issue of Options to Related Party – Mr Yang Liu ("Simon Liu")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 17	Issue of Shares to Related Party – Dr Yihao Zhang ("Eric Zhang")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Res 9	Issue of Options to Related Party – Dr Yihao Zhang ("Eric Zhang")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Res 18	Issue of Shares to Employees – Mr George Jenkins And Mr Chin Haw Lim	<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

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary