

22 November 2017

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

ASX ANNOUNCEMENT

THETA HILL DRILLING COMMENCED

HIGHLIGHTS

- **Drilling contractor OMT Exploration Drilling has commenced initial Reverse Circulation (RC) drilling at Theta Hill**
- **Drilling to target high grade multiple level gold reefs from surface down to between 50m and 150m, testing for open cut mining potential**
- **Consulting Geologist Mr Phil Bentley appointed as Project Manager to lead the drilling campaigns**

Stonewall Resources Limited (ASX: SWJ) ("Company") is pleased to announce that following the recent \$2.6 million placement, drilling has commenced at the Company's Theta Hill project.

On 6 September 2017 the Company announced an Exploration Target of 3.4Mt to 5.6Mt at Theta Hill, including a target for the Lower Theta seam with 1.0Mt to 1.7Mt @ 16.6g/t Au to 26.6g/t Au.

The Company recently signed OMT Exploration Drilling to provide both RC and Diamond rigs for the Theta Hill and Columbia Hill drilling campaigns.

Initial plans are for a total of 20 RC holes for a total of 1,000m focused on the northern portion of Theta Hill (Figure 1). This campaign is expected to be completed by mid-December, with the first assay results anticipated before Christmas. Following this first phase of the drilling campaign, the RC rig is scheduled to move to Columbia Hill (located immediately to the north of the existing CIL plant at TGME) to complete another 20 holes, also to assess the open cut mining potential of this area.

The first phase of drilling at Theta Hill is targeting shallow, high grade gold reefs, which have not had any drilling conducted on them in several decades. The drilling at Columbia Hill is also designed to investigate open cut potential and expedite further investigation and development should initial results warrant progression. Both areas offer some of the shallowest gold targets in South Africa today.

Cautionary Statement

The potential quantity and grade of the Exploration Target referred to above is conceptual in nature, and there has been insufficient exploration conducted to estimate a Mineral Resource hence there is no certainty that planned exploration will result in the estimation of a Mineral Resource.

Mr Phil Bentley has been engaged as the Project Manager to oversee the drilling program with assistance from the Company's independent geological consultants Minxcon.

Phil Bentley's name was referred to in the ASX release on 6 September 2017 when Project Bentley was first disclosed. Between 1986 and 1995 Phil worked with Randgold and Rand Mines as Chief Geologist covering the TGME gold fields.

In recent years, Phil has applied his expertise in geology specialising in global gold strategic development, exploration and mining. Phil's most recent role was Executive, Geology and Resources, for Asanko Gold (NYSE/TSX listed producer operating a 3Mtpa CIL gold facility in Ghana) responsible for strategic exploration and mineral resource growth as part of the development of the 200,000ozpa Asanko open cut gold mine in Ghana.

Prior roles include Principal Geologist Africa for CSA Global (South Africa) and Group Manager Geology and Exploration for Central African Gold (AIM listed) for underground gold mine exploration and operation in Ghana and Zimbabwe.



Figure 1) RC rig & drilling activities commenced at Theta Hill, 21 November 2017

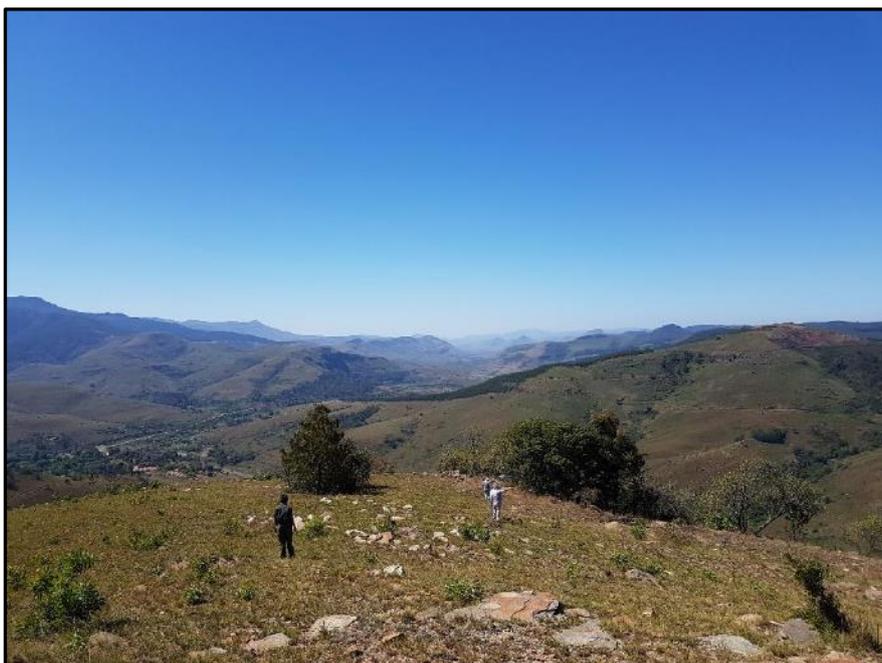


Figure 2) Image showing top of Theta Hill looking north

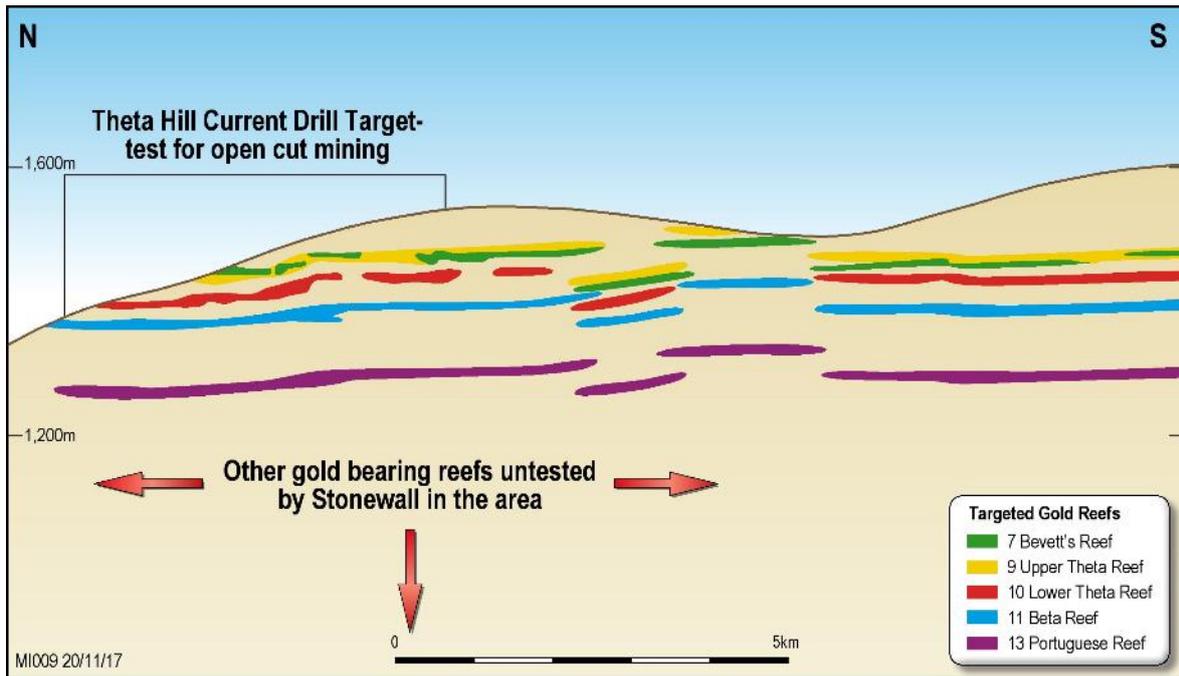


Figure 3) Stylised cross section (north to south) of the northern area of Theta Hill showing currently targeted 5 main gold bearing reefs for open cut mining potential (Adapted from Minxcon, 2017).

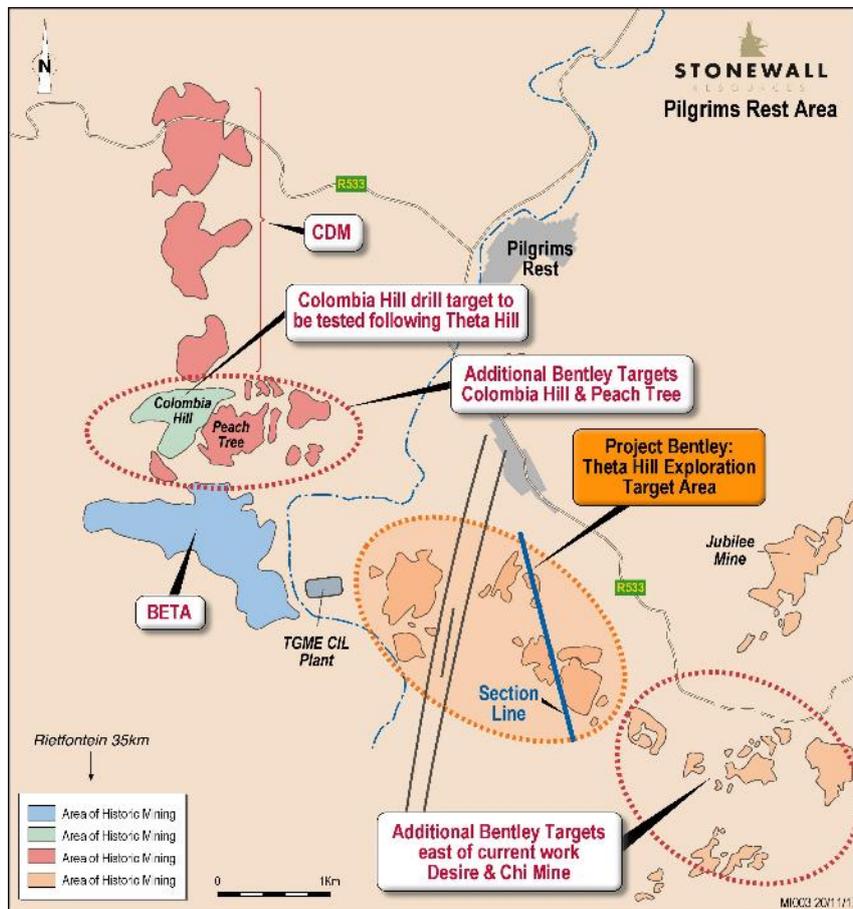


Figure 4) Phase 1 drilling locations for Theta Hill and Columbia Hill, including section line for the Figure 3) above.

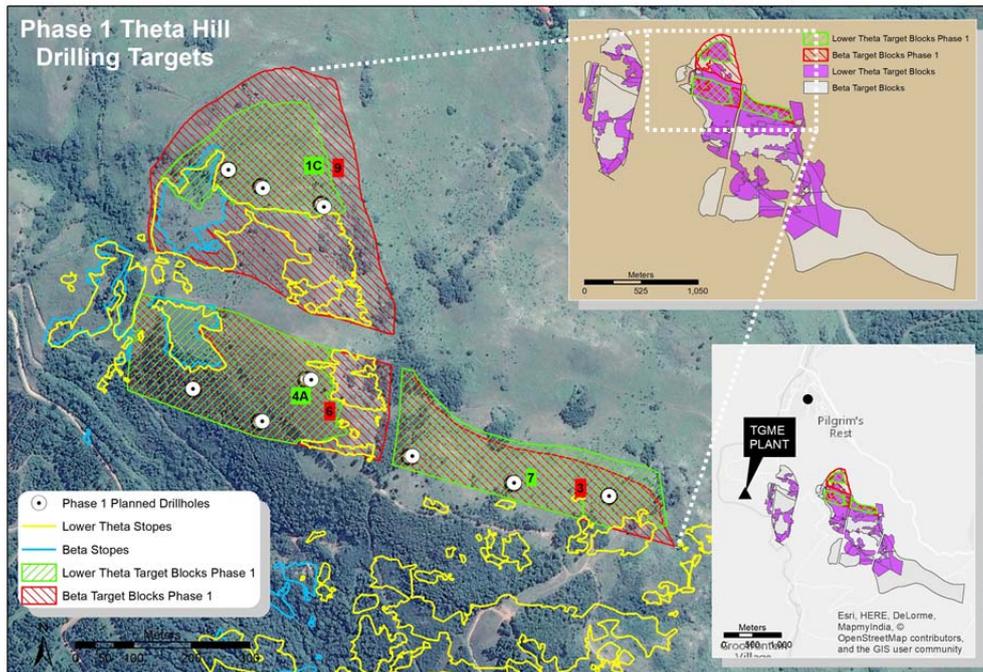


Figure 5) Satellite image of location of current RC drilling at Theta Hill showing target reef blocks (Source: Minxcon)

Competent Person Statement

The information in this report relating to Exploration Targets is based on information compiled by Mr Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 400058/08, MGSSA), a director of Minxcon (Pty) Ltd and a member of the South African Council for Natural Scientific Professions.

The original report titled "Project Bentley" was dated 6 September 2017 and was released to the Australian Securities Exchange (ASX) on that date.

The Company confirms that –

- it is not aware of any new information or data that materially affects the information included in the Australian Securities Exchange announcements; and
- all material assumptions and technical parameters underpinning the estimates in the Australian Securities Exchange announcements continue to apply and have not materially changed.

For further information please contact:

General Enquiries

Rob Thomson, Managing Director
Stonewall Resources Limited
M: +61 409 843 963
robt@stonewallresources.com

or

Investor Enquiries

Phil Retter
NWR Communications
M: + 61 407 440 882
phil@nwrcommunications.com.au

ABOUT STONEWALL RESOURCES LIMITED

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

Stonewall's core project is TGME, located next to the historical gold mining town of Pilgrim's Rest, in Mpumalanga Province, some 370km east of Johannesburg by road or 95km north of Nelspruit (Capital City of Mpumalanga Province).

Following small scale production from 2012 – 2015, the Company is currently focussing on the refurbishment of the existing CIL plant and nearby mines with the intention of resuming gold production. The Company aims to build a solid production platform to over 100kozpa based primarily around shallow, adit-entry hard rock mining sources. Stonewall has access to over 43 historical mines and prospect areas that can be accessed and explored.

For more information please visit: www.stonewallresources.com