

4 April 2017

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

ASX ANNOUNCEMENT

DIRECTORS REMUNERATION PACKAGE

The Board of **Stonewall Resources Limited (ASX: SWJ)** (“**Stonewall or Company**”) is pleased to advise the material terms of Managing Director, Mr Robert Thomson’s remuneration package, as well as Director, Mr Bill Richie Yang’s consultancy arrangement with the Company.

As announced on 25 November 2016, Mr Robert Thomson, a mining engineer with decades of international gold mining experience, was appointed as Managing Director. Mr. Thomson has been involved in numerous successful gold ventures which included transitioning companies from exploration to production and the establishment of sustainable operations, including the large and successful 100,000+ ozpa Chatree (Thailand) and Sepon Stage 1(Laos) gold mines. As the former CEO of Climax Mining, he was also instrumental in the development of the Dipidio Gold Mining Operation in the Philippines, which was eventually taken over by Oceana Gold.

Mr Yang was appointed a director of the Company on 16 June 2015 and has been instrumental in the re-capitalisation of the Company. He has overseen the re-vitalisation of the Company and the appointment of seasoned mining executives to advance the group’s gold projects in South Africa. Whilst Mr Yang is a non-executive director, the Company is pleased to be able to secure his services under a consultancy agreement with a company associated with him, to continue the good work done to-date in re-building the Company into a sustainable gold producer.

Managing Director, Mr Robert Thomson - Remuneration package

A summary of the material terms and conditions of Mr Thomson’s employment contract is set out below.

Term

The contract has no fixed term and continues until terminated by either party.

Remuneration package

- (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 and 20,000,000 Options upon execution of the Executive Agreement. Details of the Options are set out in Schedule 1.

- (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;
 - b. up to 75,000,000 Options; and
 - c. up to \$75,000, payable in three equal instalments of \$25,000 each;

Details of the performance rights and options are set out in Schedule 2.

- (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**).

Director, Mr Bill Richie Yang - Consultancy arrangement

A summary of the material terms and conditions of the consultancy agreement ("Agreement") with Vs Capital Group Pty Ltd ("Consultant"), a company associated with Mr Yang, is set out below.

Term

The Agreement will terminate twelve months from the execution date.

Remuneration package

- (a) **Fees:** The Consultant will be paid a retainer of \$120,000 per annum (payable monthly), plus GST;
- (b) **Sign-on options:** Subject to shareholder approval, the Consultant will be issued 15,000,000 Options upon execution of the Agreement. Details of the Options are set out in Schedule 3.
- (c) **Performance incentives:** Subject to shareholder approval and the satisfaction of a number of performance milestones, the Consultant may receive:
- a. up to 9,500,000 Performance Rights;
 - b. up to 37,500,000 Options; and

Details of the performance rights and options are set out in Schedule 4.

- (d) **Termination:** either party may terminate the Agreement for any reason by the giving of three months written notice to the other party. Alternatively, the Company may terminate the Agreement by making a payment to the value of the monthly retainers the Consultant would have earned or received during the notice period.

General Meeting

The Company will be convening a general meeting to, amongst other things, seek shareholder approval for the issue of the Shares, Options and Performance Rights to Messrs Thomson and Yang as well as the Redundancy Payment referred to above.

ABOUT STONEWALL RESOURCES LIMITED

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

SWJ's core projects are TGME, located next to the historical gold mining town of Pilgrims Rest, and Sabie Mines, located in the Sabie area, both 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 Elution Circuit and to resume gold production in 2018. The Company aims to build a solid production platform from which it can expand the production profile and extend the mine life of the project.

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

Please visit our website: www.stonewallresources.com

For further information please contact:

General Enquiries

Rob Thomson, Managing Director

Stonewall Resources Limited

M: +61 414 324 960

E: robthomson@lorodaca.com

or

Investor Enquiries

Richie Yang, Director

Stonewall Resources Limited

M: + 61 404 831 804

E: richiey@stonewallresources.com

Schedule 1

Sign-on Options

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

Schedule 2

Performance incentives

Performance rights

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(i) 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(i) 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		

Note:

Milestone 3(i) 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).

Incentive Options

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 Employer'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%.

Schedule 3

Sign-on Options

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

Schedule 4

Performance incentives

Performance rights

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		

Incentive Options

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			

Note:

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.