

27 February 2018

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

ASX ANNOUNCEMENT

EXPIRY OF UNLISTED OPTIONS

Stonewall Resources Limited (ASX: SWJ, SWJO) advises that 6,000,000 unlisted options exercisable at 4.3 cents each expired on 26 February 2018.

The remaining unlisted options and performance rights are detailed in Annexure A.

For further information please contact:

General Enquiries

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

or

Investor Enquiries

Bill Guy
Stonewall Resources Limited
P: + 61 2 9460 2021
E: billg@stonewallresources.com

ABOUT STONEWALL RESOURCES LIMITED

Stonewall Resources Limited (ASX: SWJ, SWJO) 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, 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.

Annexure A

STONEWALL RESOURCES LIMITED

NUMBER AND CLASS OF ALL SECURITIES NOT QUOTED ON ASX

PERFORMANCE RIGHTS AND OPTIONS

Number of Options	Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Expiry Date
23,272,728		\$0.011	21 Oct 2018
10,000,000		\$0.015	3 Jan 2019
20,000,000		\$0.015	22 Mar 2019
5,000,000		\$0.025	19 Jul 2019
2,222,223		\$0.030	15 Aug 2019
6,144,448		\$0.030	21 Aug 2019
10,000,000		\$0.030	22 Aug 2019
2,744,449		\$0.030	1 Sep 2019
10,500,000		\$0.015	12 Oct 2019
20,000,000		\$0.020	12 Oct 2019
10,000,000	Company achieving a market capitalisation of greater than \$25,000,000 for a period of 10 consecutive trading days	\$0.020	12 Oct 2019
5,000,000	Recommencement of production, reopening of the Group's TGME Mine and refurbishment of the plant	\$0.020	12 Oct 2019
5,000,000	Production from the Group's operations reaching 40,000 tonnes per month yielding 2,000 ounces of gold per month at a cost of less than USD750 per ounce for a period of 3 consecutive months	\$0.040	12 Oct 2019
35,000,000		\$0.040	12 Oct 2019
7,279,688		\$0.019	15 Jan 2020
10,000,000		\$0.025	18 Jan 2020
10,000,000		\$0.030	18 Jan 2020
35,000,000		\$0.020	30 Apr 2020
20,000,000	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	19 Jul 2022
26,000,000	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	19 July 2022
26,000,000	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	19 July 2022
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.	\$0.030	19 July 2022
1,500,000	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.	\$0.035	19 July 2022
1,500,000	20 day VWAP above \$0.040. 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	19 July 2022

Number of Options	Performance Hurdle/Vesting Date (if applicable)	Exercise Price	Expiry Date
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	19 July 2022
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	19 July 2022
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	19 July 2022
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	19 July 2022
25,000,000	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	19 July 2022
2,500,000	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.	\$0.030	19 July 2022
3,500,000	20 day VWAP above \$0.025		19 July 2022
3,500,000	20 day VWAP above \$0.030		19 July 2022
3,500,000	20 day VWAP above \$0.035		19 July 2022
3,750,000	Achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) is greater than or equal to 40%		19 July 2022
1,750,000	Achievement of Milestone 3 and pre-feasibility study IRR (pre-tax) is greater than or equal to 50%		19 July 2022
5,000,000	Market capitalisation above \$125,000,000 for a consecutive 5 day period		19 July 2022
397,663,536			

CONVERTIBLE SECURITY

1	Convertible Note with a face value of \$1,650,000 convertible to a maximum of 183,333,334 fully paid ordinary shares upon conversion by the noteholder at \$0.009 per share
2	Convertible Security with a face value of \$1,020,000 maturing on 31 April 2019 convertible into fully paid ordinary shares in the Company at \$0.019 per share in accordance with the terms and conditions of the Convertible Security Funding Agreement dated 15 January 2017

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.

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.

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.

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.