

22 May 2018

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

ASX ANNOUNCEMENT

EXPLORATION UPDATE

HIGHLIGHTS

- The third drilling rig (RC-rig) has commenced drilling at Theta Hill, as we push towards resource estimation. Additional assays from drilling are pending.
- Dewatering continues at Rietfontein, now below the hanging wall of 4 level adit.
- Stonewall Resources (ASX: SWJ, SWJO) announces sponsorship of the South African Gold Panning Championships, to be held on 2-6 October, 2018 at Pilgrim's Rest (within the Company's TGME project area). This makes it the first time Stonewall has participated in this major annual competition.

SUMMARY

- Work continues towards re-starting commercial production at Pilgrim's Rest with 3 drilling rigs currently working at Theta Hill and nearby areas.
- Over 700 participants are expected to compete at the South African National Gold Panning Championships, at Pilgrim's Rest in October, with a range of prizes on offer, including a return trip to participate in the Global Gold Panning Championships in Finland in August, 2019.
- Pilgrim's Rest was the site of the first official gold rush in South Africa in 1873.
- The company continues to provide support to the local school and has recently completed renovations and repairs to the school.

Pilgrim's Rest is considered to be the location of the first official gold rush in South Africa in 1873. At one point over 1,500 panners descended on Pilgrim's Rest before the hard-rock reefs were discovered, leading to underground exploitation.

Stonewall is proud to provide sponsorship to the annual South African Gold Panning Championships, which continue to attract hundreds of competitors and spectators providing a welcome boost to tourism in the area.

This is the 21st year of the annual completion, hosted on Stonewall's mining leases at TGME.

Those interested in finding out more information about the panning competition can email Sherry Goodwin at brummertours@gmail.com who will then email applications and entry forms for completion.

The annual event is hosted and supported by a number of key stakeholders, including:

- The South African Gold Panning Association (SAGPA)
- Dept. Culture, Sport and Recreation
- Dept. Public Works, Roads and Transport
- Thaba Chweu Local Municipality
- Other Government institutions - DEDET, MTPA, SAPS & EMS.
- Pilgrim's Rest Community Stakeholders - Ward Committee, Business Chamber, and local community.

We look forward to the event, and working with the key stakeholders in the area, with whom we are currently working with as we progress towards re-commencement of commercial gold production at Pilgrim's Rest.



Figures 1 & 2) Competitors at a previous Championship



<https://www.brandsouthafrica.com/people-culture/arts-culture/gold-panning>

TGME Project Update

The company has recently brought back an RC rig to progress with the resource drilling on the DG4 area of Theta Hill. Following the recent resource upgrade, work continues towards delineating resources at both DG4 and Theta North areas, where widespread gold mineralisation has been established. The aim is to delineate reserves at this location, adjacent to the gold processing plant, which can be easily brought into production.

The RC rig has been recently modified to improve on the previous drilling performance in order to rapidly progress the development of a resource on this area. This improved system builds on lessons that have been learned from the last round of RC drilling.

Managing Director Rob Thomson said *“Given the challenging drilling conditions experienced on Theta Hill it is encouraging to see the ongoing close relationship between the onsite staff and the contractors as they work to resolving problems and improving efficiencies”*.

Below is a photo of the high grade intersection recently announced (1m @ 126g/t Au, from 33m in DDH21)- Refer to ASX release dated 10/05/2018.

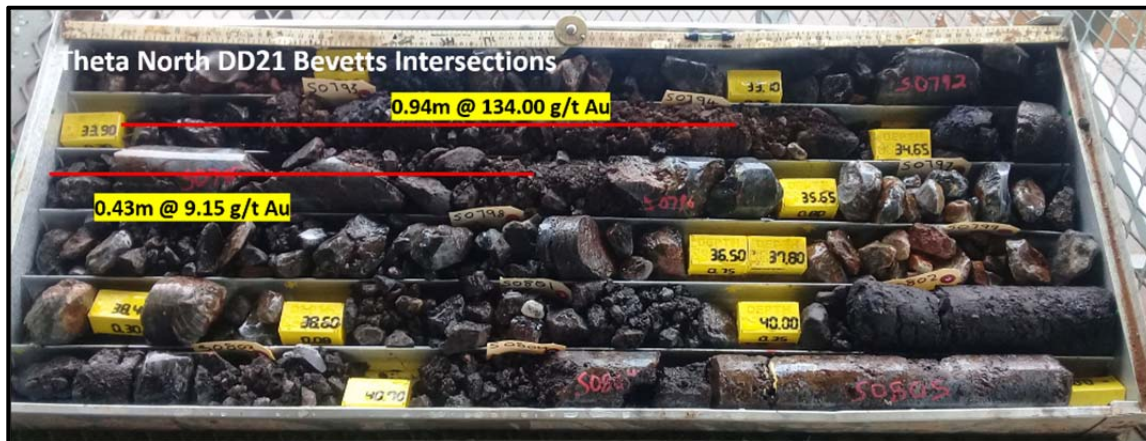


Figure 4) DDH21 Core

At Rietfontein work continues to dewater the mine, to enable access for underground drilling for resource estimation purposes (progress towards Indicated Resources and ultimately Reserves under JORC, 2012).

Earlier in the year a decision was taken to dewater the mine below four level via gravity decant and to access the mine via this footwall drive where better conditions were expected.

The aim is to create access into deeper parts of the mine for metallurgical sampling, and determine potential locations for underground resource drilling.

The water level is now 1-1.5 metres below the hanging wall of 4 level adit and we will monitor the progress twice a week with a view to continued dewatering ahead of planned access refurbishment to enable access for drill rigs.



Figure 5) Dewatering underway at Rietfontein Mine

Competent Person Statement

Theta Hill Drilling Result

The information in this report relating to the Theta Hill Drilling Result is based on, and fairly reflects, the information and supporting documentation compiled by Mr Phil Bentley (MSc (Geol), MSc (MinEx), Pr.Sci.Nat. No. 400208/05, FGSSA), a consultant to the Company and a member of the South African Council for Natural Scientific Professions.

The original report titled "126g/t Au from Drilling at Theta Hill" was dated 10 May 2018 and released to 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 ASX announcement; and
- all material assumptions and technical parameters underpinning the estimates in the ASX announcement continue to apply and have not materially changed.

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 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 2011 – 2015, the Company is currently focussing on the planned refurbishment of the existing CIL plant and nearby mines/prospects with the intention of resuming gold production.

The Company aims to build a solid production platform to over 100kozpa based primarily around shallow, open-cut or adit-entry hard rock mining sources. Stonewall has access to over 43 historical mines and prospect areas that can be accessed and explored, with over 6.7Moz of historical production recorded



For more information please visit: www.stonewallresources.com , or contact:

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