

6 February 2018

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

ASX ANNOUNCEMENT

DRILLING RECOMMENCED AT THETA HILL

Stonewall Resources Limited (ASX: SWJ, "The Company") is pleased to announce that RC drilling has recommenced at the Theta Hill prospect (part of the TGME gold project) in South Africa following the drilling success achieved from the Phase 1 campaign, which was completed in December 2017.

Summary

- **Drilling recommenced to follow up high grade gold reef discovered at shallow depth at Theta Hill¹**
- **Encouraging preliminary metallurgy previously announced showing an average of 95.7% recovery from Beta Reef and 95.7% recovery from Lower Theta Reef²**
- **The Company plans to conduct both RC and Diamond drilling in coming weeks with the aim of calculating a maiden resource later in 2018**

Stonewall MD Rob Thomson commented, *"We look forward to delivering further positive news flow in coming weeks as the drilling campaign progresses at the TGME project. Shallow, oxide gold has been demonstrated at both Theta Hill and Columbia Hill and the next step is to push ahead towards a maiden JORC resource calculation as soon as possible, followed by submission of mine plans"*.

The Company recently announced the results of drilling at Columbia Hill (ASX release, 16 January, 2018) which revealed shallow high grade gold material. Additional assays have been received from this program and are currently being interpreted.

This second drilling program at Theta Hill aims to complete 20-30 holes, for approximately 1,500m of RC drilling. The aim is to complete the program by mid-March 2018. First assays are expected to begin arriving towards the end of February.

Following this program, further drilling at Columbia Hill is planned, with diamond drilling to confirm reef thickness at both Theta Hill and Columbia Hill also planned. The location of the project is shown in Figure 1, with proposed drill hole locations illustrated in Figure 3.

¹ Refer to ASX releases dated 21 December 2017 and 16 January 2018.

² Refer to ASX release dated 24 January 2018.

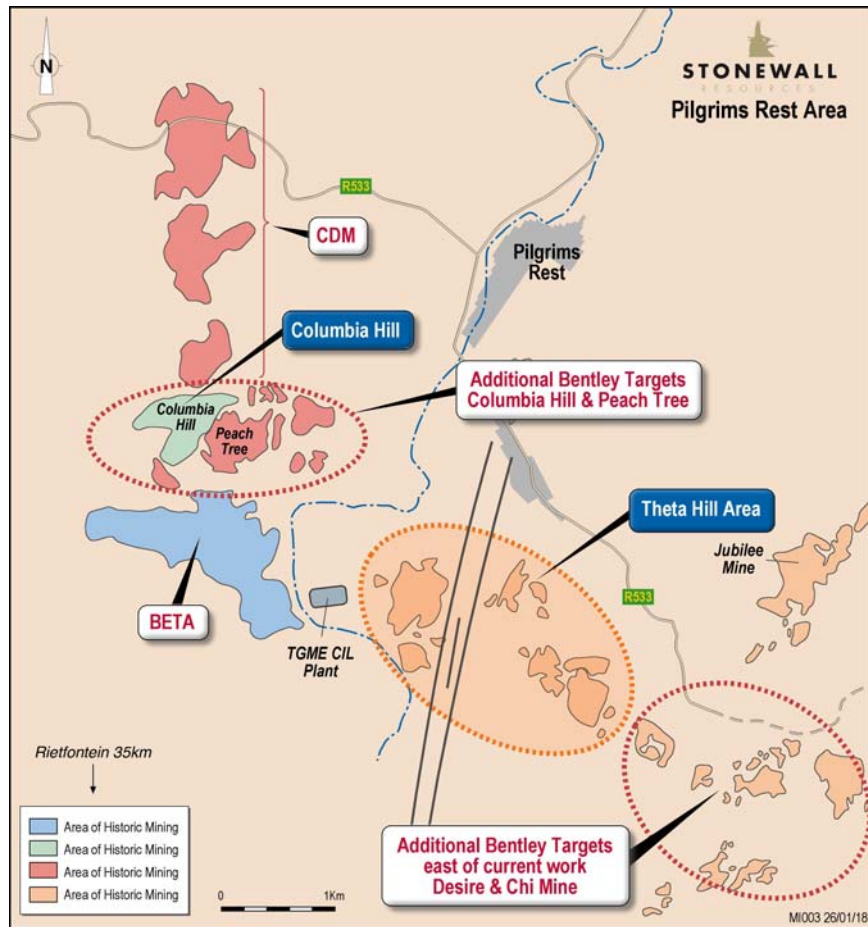


Figure 1) Regional map showing location of Columbia Hill and Theta Hill targets



Figure 2) RC rig in operation

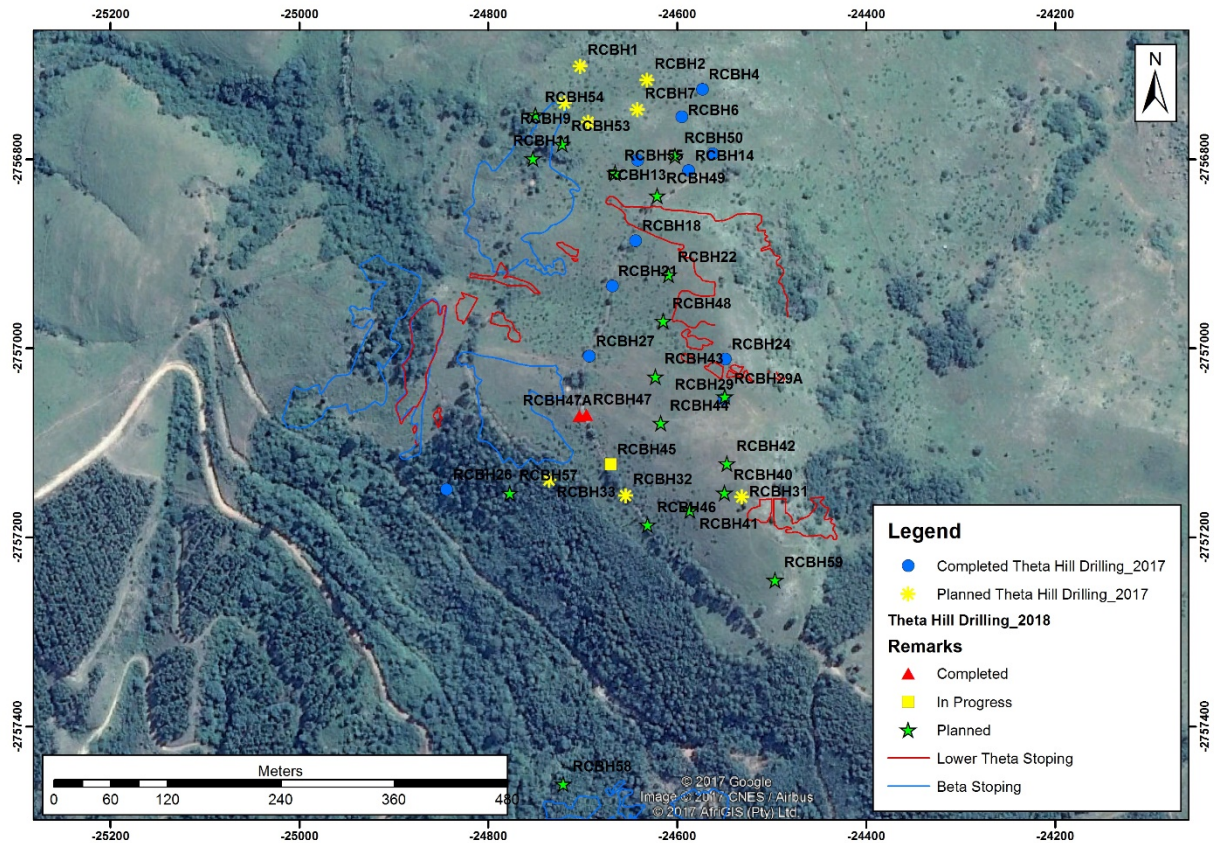


Figure 3) Proposed location of Phase 2 drilling at Theta Hill

Competent Person Statement

The information in this report relating to Theta Hill exploration results is based on, and fairly reflect, the information and supporting documentation 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 "Metallurgical Testwork Indicates 95% Gold Recovery At Theta Hill" was dated 24 January 2018 and 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 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) 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 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

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

Bill Guy

Stonewall Resources Limited

info@stonewallresources.com