

4 May 2018

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

ASX ANNOUNCEMENT

SUBSCRIPTION AGREEMENT TO RAISE A\$5M

Stonewall Resources Limited (ASX: SWJ, SWJO) advises that it has entered into a Subscription Agreement with a global investment house to raise A\$5,000,000 for exploration expenditure and general working capital on the following terms and conditions –

- a) Tranche 1 share placement of \$2,000,000 by the issue of 181,818,181 fully paid ordinary shares in the Company (“Shares”), in whole or in parts, at an issue price of \$0.011 per share within 30 days of the Agreement;
- b) Tranche 2 share placement of \$3,000,000 to be issued at a share price equal to the 20 days VWAP (Volume Weighted Average Price) immediately before the allotment of all or part of the Tranche 2 Shares;
- c) Tranche 2 share placement is subject to shareholder approval and is to be completed within 60 days of shareholder approval (“Completion Date”);
- d) The investor has agreed that all Shares will be escrowed for 12 months from the Completion Date.

A shareholders meeting, is planned to be held in June 2018, to seek shareholders’ approval for, amongst other, the Tranche 2 share placement above.

The exploration programs will be fully funded to complete the reserve drilling at Theta Hill and Vaalhoek. Further funds will be allocated to environmental/ engineering studies. A second resource upgrade is expected in coming months when the Theta Hill drilling is completed, adding to the 5.1Moz JORC 2012 Global Resource recently released (1/05/2018, Table1).

MD Rob Thomson said “With this very favourable placement coupled with the new multi million ounce global resource, the Company now is well positioned to complete resource/reserve drilling for Theta Hill and other surrounding opencut targets, complete feasibility studies and secure the required funding for commencement of gold production”.

For further information please contact:

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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, with historical production of approximately 6.7Moz recorded in the tenement areas.

Table 1

Mineral Resources for the Stonewall Underground Operations as at April 2018

| Resource Classification | Mine | Reef | Reef Grade | Stope Grade | Reef Width | Stope width | Content | Reef Tonnes | Stope Tonnes | Au Content | |
|---|------------------|------------------|--------------|-------------|------------|-------------|------------|--------------|--------------|---------------|--------------|
| | | | g/t | g/t | cm | cm | cmgt | Mt | Mt | Kg | koz |
| Measured | Frankfort | Bevett's | 7.13 | 5.37 | 73 | 103 | 520 | 0.069 | 0.091 | 489 | 15.7 |
| Total Measured | | | 7.13 | 5.37 | 73 | 103 | 520 | 0.069 | 0.091 | 489 | 15.7 |
| Indicated | Frankfort | Bevett's | 7.86 | 5.13 | 58 | 96 | 452 | 0.243 | 0.373 | 1,912 | 61.5 |
| | CDM | Rho | 13.19 | 3.80 | 23 | 90 | 307 | 0.258 | 0.895 | 3,401 | 109.4 |
| | Beta | Beta | 21.66 | 6.58 | 23 | 90 | 499 | 0.716 | 2.357 | 15,506 | 498.5 |
| | Rietfontein | Rietfontein | 14.57 | 8.20 | 52 | 92 | 755 | 0.517 | 0.919 | 7,534 | 242.2 |
| | Vaalhoek | Vaalhoek | 13.90 | 6.34 | 36 | 90 | 499 | 0.064 | 0.140 | 887 | 28.5 |
| | Olifantsgeraamte | Olifantsgeraamte | 16.97 | 4.62 | 25 | 90 | 416 | 0.026 | 0.091 | 422 | 13.6 |
| Total Indicated | | | 16.26 | 6.21 | 36 | 91 | 591 | 1.824 | 4.774 | 29,661 | 953.7 |
| Total Measured & Indicated (JORC 2012) | | | 15.93 | 6.20 | 38 | 91 | 600 | 1.893 | 4.865 | 30,150 | 969.4 |

| Resource Classification | UG Mine | Reef | Reef Grade | Stope Grade | Reef Width | Stope width | Content | Reef Tonnes | Stope Tonnes | Au Content | |
|-----------------------------------|------------------|------------------|--------------|-------------|------------|-------------|------------|--------------|---------------|----------------|--------------|
| | | | g/t | g/t | cm | cm | cmgt | Mt | Mt | Kg | koz |
| Inferred | Frankfort | Bevett's | 7.41 | 4.27 | 48 | 93 | 356 | 0.343 | 0.596 | 2,543 | 81.8 |
| | CDM | Rho | 10.06 | 3.02 | 24 | 90 | 244 | 0.544 | 1.811 | 5,472 | 175.9 |
| | Beta | Beta | 16.51 | 5.43 | 25 | 90 | 414 | 1.107 | 3.367 | 18,285 | 587.9 |
| | Rietfontein | Rietfontein | 14.06 | 8.52 | 57 | 94 | 803 | 1.190 | 1.962 | 16,721 | 537.6 |
| | Olifantsgeraamte | Olifantsgeraamte | 18.33 | 4.68 | 23 | 90 | 422 | 0.059 | 0.248 | 1,162 | 37.3 |
| | Vaalhoek | Vaalhoek | 16.28 | 4.77 | 22 | 90 | 361 | 0.873 | 2.980 | 14,209 | 456.8 |
| | Vaalhoek | Thelma Leaders | 12.18 | 9.47 | 96 | 123 | 1166 | 0.023 | 0.030 | 284 | 9.1 |
| | Glynns Lydenburg | Glynns | 15.87 | 5.19 | 25 | 90 | 397 | 3.218 | 9.833 | 51,078 | 1,642 |
| | Ponieskrantz* | Portuguese | 13.26 | 3.99 | 22 | 90 | 287 | 0.064 | 0.213 | 849 | 27.3 |
| | Frankfort Theta* | Theta | 7.22 | 3.24 | 34 | 90 | 244 | 0.099 | 0.220 | 714 | 23.0 |
| | Nestor* | Sandstone | 5.54 | 2.92 | 41 | 90 | 225 | 0.101 | 0.193 | 562 | 18.1 |
| Total Inferred (JORC 2012) | | | 14.68 | 5.22 | 31 | 91 | 458 | 7.622 | 21.452 | 111,880 | 3,597 |

Note: * Indicates historical manual resources

Mineral Resources for the Stonewall Open Pit Operations as at April 2018

| Resource Classification | Open Pit Mine | Reef | Reef Grade | Reef Width | Content | Reef Tonnes | Au Content | |
|-------------------------|---------------|----------|-------------|------------|----------|--------------|--------------|--------------|
| | | | g/t | cm | cmgt | Mt | Kg | koz |
| Indicated | Hermansburg | Elluvial | 1.79 | 0 | 0 | 0.505 | 905 | 29.1 |
| | DG1 | Elluvial | 1.37 | 0 | 0 | 0.159 | 217 | 7.0 |
| | DG2 | Elluvial | 0.76 | 0 | 0 | 1.174 | 892 | 28.7 |
| | Vaalhoek | Vaalhoek | 17.25 | 33 | 574 | 0.111 | 1,920 | 61.7 |
| Total Indicated | | | 2.02 | 2 | 4 | 1.950 | 3,935 | 126.5 |

| Resource Classification | Open Pit Mine | Reef | Reef Grade | Reef Width | Content | Reef Tonnes | Au Content | |
|-------------------------|---------------------|----------------|-------------|------------|------------|--------------|--------------|--------------|
| | | | g/t | cm | cmgt | Mt | Kg | koz |
| Inferred | Hermansburg | Elluvial | 0.88 | 0 | 0 | 0.110 | 97 | 3.1 |
| | DG1 | Elluvial | 2.95 | 0 | 0 | 0.293 | 864 | 27.8 |
| | DG5 | Elluvial | 0.76 | 0 | 0 | 0.101 | 77 | 2.5 |
| | Vaalhoek | Vaalhoek | 20.32 | 43 | 880 | 0.213 | 4,319 | 138.9 |
| | Vaalhoek | Thelma Leaders | 14.25 | 97 | 1,388 | 0.293 | 4,172 | 134.1 |
| | Theta & Browns Hill | Lower Theta | 0.00 | 0 | 0 | 0.000 | 0 | 0.0 |
| | Theta & Browns Hill | Beta | 0.00 | 0 | 0 | 0.000 | 0 | 0.0 |
| Total Inferred | | | 9.44 | 37 | 353 | 1.009 | 9,528 | 306.3 |

Mineral Resources for the Stonewall Tailings Dams as at April 2018

| Resource Classification | Surface Operation | Reef | Tonnage | Gold Grade | Gold Content | |
|-------------------------|-------------------|----------|--------------|-------------|--------------|--------------|
| | | | Mt | g/t | Kg | koz |
| Indicated | Glynn's Lydenburg | Tailings | 1.211 | 0.80 | 972 | 31.3 |
| | Blyde 1 | Tailings | 0.590 | 0.73 | 434 | 14.0 |
| | Blyde 2 | Tailings | 0.280 | 0.83 | 234 | 7.5 |
| | Blyde 3 | Tailings | 0.316 | 0.87 | 275 | 8.8 |
| | Blyde 4 | Tailings | 0.164 | 0.72 | 119 | 3.8 |
| | Blyde 5 | Tailings | 0.022 | 0.61 | 14 | 0.4 |
| | TGME Plant | Tailings | 2.661 | 0.87 | 2,325 | 74.8 |
| Total Indicated | | | 5.244 | 0.83 | 4,373 | 140.6 |

| Resource Classification | Surface Operation | Reef | Tonnage | Gold Grade | Gold Content | |
|-------------------------|-------------------|----------|--------------|-------------|--------------|------------|
| | | | Mt | g/t | Kg | koz |
| Inferred | Blyde 3a | Tailings | 0.023 | 0.57 | 13 | 0.4 |
| Total Inferred | | | 0.023 | 0.57 | 13 | 0.4 |

Mineral Resources for the Stonewall Rock Dumps as at April 2018

| Mineral Resource Category | Surface Operation | Reef | Tonnage | Gold Grade | Gold Content | |
|---------------------------|-------------------|-----------|--------------|-------------|--------------|------------|
| | | | Mt | g/t | Kg | koz |
| Inferred | Vaalhoek | Rock Dump | 0.121 | 1.64 | 199 | 6.4 |
| Total Inferred | | | 0.121 | 1.64 | 199 | 6.4 |

Notes:

1. Underground cutoff is 160cm.g/t, open pit cutoff is 0.5 g/t and the tailings cutoff is 0.35 g/t;
2. The gold price used for the cutoff calculations is USD 1,497 / oz;
3. Geological losses applied are 15% for extrapolated inferred, 10% for inferred and 5% for indicated and measured;
4. Declared Mineral Resources fall within the various permit areas;
5. Historical mine voids have been depleted from the Mineral Resource;
6. The inferred Mineral Resources have a high degree of uncertainty and it should not be assumed that all or a portion thereof will be converted to Mineral Reserves