

11 December 2012

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

STONEWALL COMMENCES DRILLING AT TGME MINES

ASX ANNOUNCEMENT

HIGHLIGHTS

- Stonewall targets an additional 3.07Moz within 14 months*
- Estimated discovery rate of A\$3.00* per Ounce, amongst the gold industry's lowest
- Drilling commences at Beta Mine
- Targeting an upgrade of 0.66Moz From Inferred to Indicated and an additional 0.4Moz to Inferred*
- Commissioned 4 drill rigs in November advancing at a rate of 40 to 50 meters per day
- Drilled 1079.36 meters since commencement
- On plan to complete drilling at Beta Mine by end March 2013

SUMMARY

Stonewall Resources Limited (ASX:SWJ) ("Stonewall") is pleased to announce that it has commenced Phase 1 of resource drilling at its TGME's Beta Mine Surface Exploration Project. The combined TGME and Sabie Projects, which are located in the Mpumalanga Province of South Africa, already have an existing JORC/SAMREC compliant resource of over 2.794Moz. (Refer Appendix A)

The fully funded drilling plan will cost \$6.3 million and will target an increase of up to 3.07Moz* at a discovery rate of \$3 per resource ounce. Assuming successful completion of the exploration program, Stonewall expects to double its global JORC Resource.

Table 1 Conceptual Ounces in the Exploration Targets*

Project	Min. g/t	Max. g/t	Min. Tons (Mt)	Max. Tons (Mt)	Min. Ounces (m)	Max. Ounces (m)
TGME Mines:						
Vaalhoek	1.00	4.00	3.5	10.9	0.12	1.41
Beta	0.95	3.50	3.5	3.5	0.11	0.40
Sabie Mines:						
Rietfontein	2.02	6.51	0.5	3.0	0.03	0.63
Glynn's*	1.00	3.00	2.5	6.5	0.08	0.64
Total			10.1	24.1	0.33	3.07

*The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define the Exploration Target as a Mineral Resource and that it is uncertain if further exploration will result in the determination of the Exploration Target as a Mineral Resource

The Beta drilling Project aims to convert between 0.399Moz and 0.665Moz* (Table 2) of the current Inferred Resource to Indicated Resource. There is also the potential of an additional 0.11 to 0.40Moz* Inferred (Table 1).

Table 2 Beta Potential Ounces Upgrade from Inferred to Indicated*

Area	Project	Min cmg/t	Max. cmg/t	Min. Tonnes (Mt)	Max. Tonnes (Mt)	Min. Ounces (Moz)	Max. Ounces (Moz)
Pilgrim's	Beta	263	438	4.7	4.7	0.399	0.665

In commenting on the commencement of the drilling program, Lloyd Birrell, CEO of Stonewall Resources said:

“The commencement of drilling is a major milestone for Stonewall. The drilling program is fully funded and we are confident that we will reach our near-term targets. We are pleased with the early stage progress having built the road to Beta top, commissioned and placed four drill rigs and drilled over 1000 meters in five weeks.”

THE BETA MINE SURFACE EXPLORATION PROJECT IN DETAIL

The **Beta Project** is the first project of the TGME and Sabie drilling program.

Beta has a current JORC resource of 530,800oz. The drilling aims to convert between 0.399Moz and 0.665Moz* of the current Inferred Resource to Indicated Resource. There is also the potential of an additional 0.11 to 0.40Moz* Inferred.

A total of 1079.36 meters have been drilled since commencement of the program in November 2012. The project is on schedule to complete drilling at Beta Mine by end March 2013 and have the feasibility study completed by the end of May 2013.

The site preparation, rig installation, safety equipment and water reclamation systems are all completed:

- Primary access road to six boreholes completed
- Secondary access road to four drilling platforms completed
- Four drill rigs set up at boreholes
- Total of 1079.36 meters drilled (Total project - 7976 meters)

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**BETA EXPLORATION PROJECT
CURRENT STATUS**



- Targeting an upgrade of 0.66Mpz inferred to Indicated and an additional 0.40Moz Inferred*
- 22 boreholes totaling 7,976 m planned

Geoserve Exploration Drilling SA (Pty) Ltd

- Beta Project drilling started 13 November 2012

Total Drilled To Date - 1079.37 m

- Drilling to be completed by March 2013 and,
- Feasibility study to be completed by May 2013

Table 3 Beta Exploration Ounces*

Beta Exploration Project	Minimum	Maximum	Min. Tons (Mt)	Max. Tons (Mt)	Min. Ounces (m)	Max. Ounces (m)
Upgrade from Inferred to Indicated	266cmg/t	438cmg/t	4.7	4.7	0.399	0.665
Additional Inferred ounces	0.95g/t	3.50g/t	3.5	3.5	0.11	0.40

Stonewall has entered into an agreement with Geoserve Exploration Drilling SA (Pty) Ltd to conduct the drilling program and Minxcon Exploration (Pty) Ltd. Both companies are South African based, focused on Sub-Saharan African resource projects. Minxcon has a deep existing understanding of the TGME and Sabie Projects, having been the historical exploration project management contractor on these properties and a key existing adviser to Stonewall.

Key past and current clients of Geoserve include:

- Samancor chrome
- Kangra coal
- Delta Mining
- Lesego Platinum
- Kumba
- Anglo Platinum BRPM

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Key past and current clients of Minxcon include:

- Anglo American
- Anglo Platinum
- AngloGold Ashanti
- Exxaro
- First Uranium
- Gold One
- Great Basin Gold
- Harmony Gold Mining Company
- Pan African Resources
- Royal Bafokeng Resources
- Shanduka Resources
- Vantage Goldfields Ltd
- Wits Gold

Table 4 Exploration Drilling Performance: Beta Project

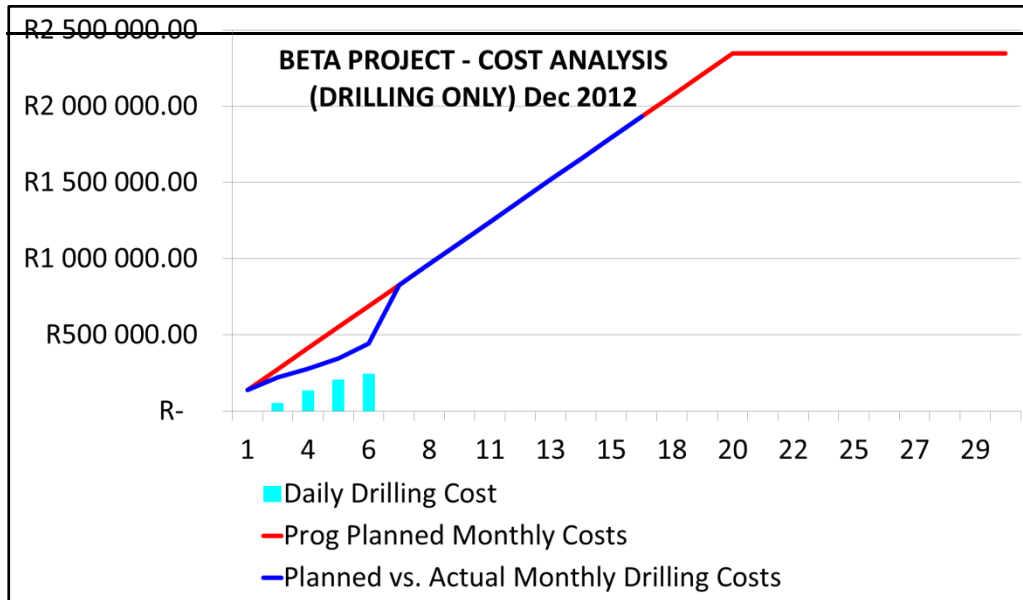
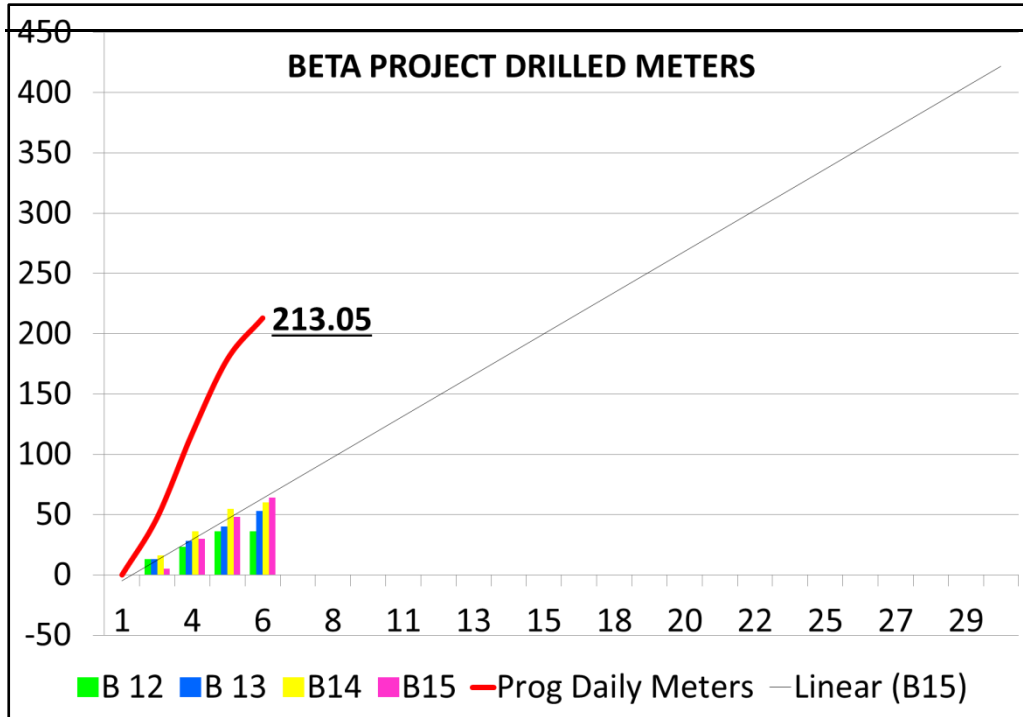
BETA PROJECT – DRILLING PERFORMANCE	
Total Planned Project Meters	7 976m
YTD Drilled Meters (as at 30 Nov 2012)	1 079.36m
Project Meters Remaining	6 896.64m
Planned Project Boreholes	22
Boreholes In Progress	4
Boreholes Remaining	18
Drilling Project Rate/m	R1 150.00 (+/- \$135/m)

Table 5 Drilling Costs: Beta Project

BETA PROJECT – DRILLING PERFORMANCE		
	USD	ZAR
Total Planned Project Costs	\$1.24m	R10.5m
Planned Project Drilling Costs	\$1.1m	R9.2m
YTD Actual Drilling Costs	\$0.14m	R1.2m

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December 2012 Drilling

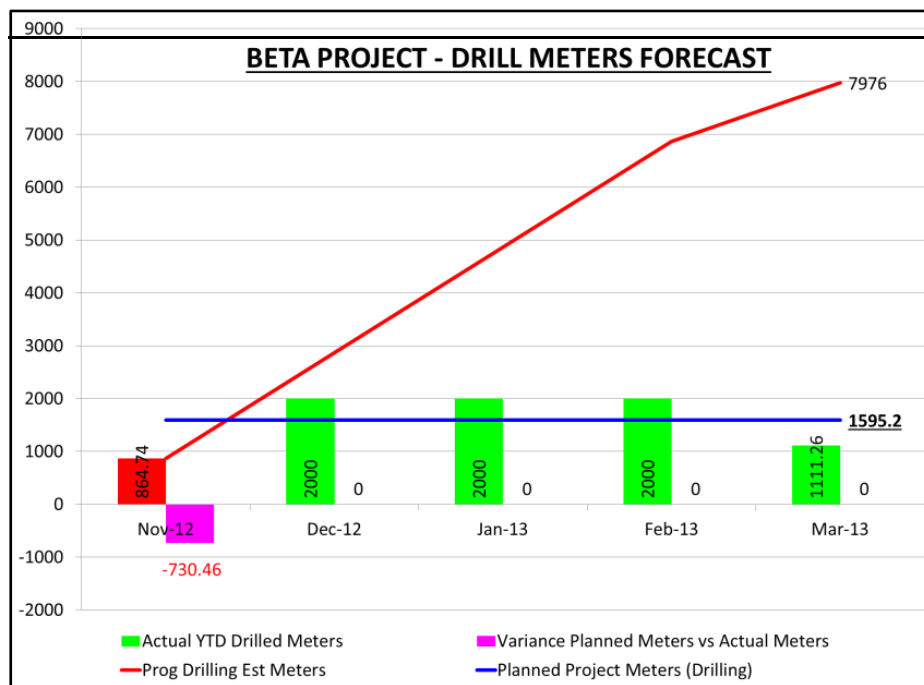


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Table 6 Key Developments

KEY DEVELOPMENTS	
Jun-Sept 2012	<ul style="list-style-type: none"> • Drilling Mandate signed
October 2012	<ul style="list-style-type: none"> • Exploration Drilling Project drilling services provider mobilized • Exploration civil's and road works services provider, mobilized • Morgenzon Exploration Camp platform construction completed • Field Reconnaissance Mapping Beta Project started
November 2012	<ul style="list-style-type: none"> • Primary and Secondary Roads completed • Drilling Platforms completed
December 2012	<ul style="list-style-type: none"> • <u>TOTAL DRILLED METERS = 1079.36 m</u>

Exploration Project: Drilling Forecast



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Drilling Borehole 13 Drill Rig 32 with the TGME plant in the background

The complete drilling campaign will comprise 27,069 meters with a minimum depth of 22 meters and a maximum depth of 592 meters.

In commenting on the TGME and Sabie operations, Dave Murray, Chairman of Stonewall Resources, said:

“Stonewall is uniquely placed to take advantage of the attractive gold environment. As part of the TGME and Sabie operations, we have identified 4 key near-term targets covering 46,241 Ha. Exploration and feasibility work will be undertaken in stages on these 4 key target projects in the coming 18 months.”



Drilling Borehole 14 showing the constructed road in the background

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ABOUT STONEWALL RESOURCES LIMITED

Stonewall Resources Limited (ASX: SWJ) is a gold mining company making the transition from explorer to producer. The Company 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. With significant infrastructure already in place, Stonewall is uniquely positioned to make the transition to producer through highly efficient utilization of capital and within short lead times.

Stonewall's three key projects are the **TGME Project**, located around the towns of Pilgrims Rest and Sabie in the Mpumalanga Province of South Africa (one of South Africa's oldest gold mining districts), the **Bosveld Project**, located in South Africa's KwaZulu-Natal Province, and the **Lucky Draw Project**, located in Australia, near the township of Burruga in New South Wales.

The Company's exploration program is designed to identify additional potential Mineral Resources to establish long-term mining plans.

Stonewall is currently processing gold from tailings dumps located within its TGME and Bosveld Projects, from which it is earning revenue and aims to introduce two additional near term production targets during 2013.

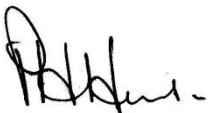
For more information please visit: www.stonewallresources.com

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On behalf of the board



Peter Hunt
Company Secretary

Competent Persons Statement

The information in this Presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Charles Muller, who is a Member or Fellow of the South African Council for Natural Scientific Professions, which is a Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the ASX from time to time. Charles Muller is employed by Minxcon and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Charles Muller consents to the inclusion in this Presentation of the matters based on his information in the form and context in which it appears.

Forward looking statements

Statements in this announcement regarding the Company's plans with respect to its mineral properties are or may be forward-looking statements. There can be no assurance that the plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to convert Inferred resources to Indicated resources or Indicated resources to Measured resources, that any mineralisation will prove to be economic, or that a mine will successfully be developed at any of the Company's mineral properties. The potential quantity and grade of exploration targets is conceptual in nature at this stage as there has been insufficient exploration to define a Mineral Resource quantity under the JORC code. Further, it is uncertain if future exploration will result in the determination of a Mineral Resource.

Appendix A

Resource Table¹

Mineral Resource Category	Tonnes (Kt)	Grade (g/t)	Gold (Kg)	Gold (oz)
Measured	2,615	1.08	2,821	90,000
Indicated	5,940	3.20	19,002	610,000
Total Measured and Indicated	8,555	2.55	21,823	701,000
Inferred	17,949	3.63	65,204	2,094,000
Grand total	26,504	3.28	87, 027	2,794,000

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¹ Refer CPR