

24 February 2015

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

ASX ANNOUNCEMENT

COMMENCEMENT OF MINING AND SUCCESSFUL COMMISSIONING OF THE PILGRIMS REST PLANT

HIGHLIGHTS

- **Commencement of mining at the Pre-mined Residue Project at Beta Mine (refer Image 1)**
- **Commissioning of the Pilgrims Rest Plant in line with expectations (refer Image 2)**
- **First gold pour from Pre-mined Residue Project (refer Image 3)**

Stonewall Resources Limited (ASX: SWJ) (Stonewall and Company) is pleased to announce that the gold bearing 'reef residue' project at ("**the Pre-mined Residue Project**") has commenced with mining pre-mined residue at the Beta Mine. In addition, the Pilgrims Rest Plant has been commissioned with results in line with expectations.

The Pre-mined Residue Project is planned through 2015 expansions to provide low cost, high tonnage production with increased production targeted in March 2015 and a major ramp up in June 2015.

This Project will also serve as a pre-cursor to other Pre-mined Residue Projects in the Southern and Northern divisions, which is subject to continuing feasibility work.

The Pilgrims Rest Plant is now fully commissioned in line with expectations and the first gold pour completed. The recovery during the commissioning period was within the targeted parameters and is indicative of an in-situ grade between 1.3g/t and 2.1g/t. Accordingly, at the target 20,000 tonnes per month mined and processed, targeted gold production of 643oz to 804oz per month remains unchanged. This shows that the process flow is working and that the company plans to ramp up underground production and processing during March.

In commenting on the Pre-mined Residue Project, Chief Executive Officer, Lloyd Birrell said:

"This residue material is effectively pre-explored, pre-developed, pre-drilled and pre-blasted. This results in the opening of the mining areas being fast and inexpensive."

"The recent mining constitutes bulk sampling and has allowed a degree of optimization of the metallurgical process. Since the bulk of the gold is in the fines, we are targeting the concentration of 90% of the gold into 30% of the mass with wet screening, which means lower processing costs and added tonnage through the mills."

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.03
Total free floating shares:	522 million
South African shares:	80 million
Total shares:	602 million

DIRECTORS & SENIOR MANAGEMENT

David Murray, Chairman
Trevor Fourie, Director
Nathan Taylor, Director
Liu Yang, Director
James Liu, Director
Lloyd Birrell, CEO

MAJOR SHAREHOLDERS

Khan International Limited
Salamanca Ventures Limited
Buttonwood Nominees Pty Ltd
Murray SA Investment (Pty) Ltd
Hanhong New Energy Holdings Ltd

For personal use only

“The Pre-mined Residue Project therefore places Stonewall in an ideal position for rapid growth of gold production at low mining costs, with the added advantage of low capital requirements.”

Image 1 - Removing pre-mined residue from Beta Adit



The Pre-mined Residue Project has a significant exploration target potential, targeting conceptual ounces of between 0.7 Moz and 2.4 Moz (refer Table 1). The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. Stonewall is working with the Competent Person to convert the potential mineralisation to compliant mineral resources in accordance the definitions as stated by the Australian JORC Code for the reporting of mineral resources and reserves. Surveying and sampling in accordance with the instructions of the Competent Person will continue and the implementation of the Competent Person’s recommended Underground Backfill Sampling Protocol for the reef results (refer announcement dated 31 July 2013) in order to assess the possible conversion of the reef residue to a Mineral Resource is to be completed.

Table 1 - Conceptual Exploration Target, Tonnage, Ounce and Grade Ranges for the Underground Reef Residue as at January 2015

Area	Historical Mined Area @ 93% (m2)	Minimum Tonnage (tons)	Maximum Tonnage (tons)	Minimum assumed Grade (g/t)	Maximum assumed Grade (g/t)	Minimum Estimated Gold	Maximum Estimated Gold	Minimum Estimated Gold	Maximum Estimated Gold
	('000 000)	('000 000)	('000 000)			Kgs	Kgs	Moz	Moz
Northern division	1.87	2.55	5.17	1.28	2.13	3,250	10,992	0.10	0.35
Central division	4.52	6.15	12.49	1.28	2.13	7,846	26,537	0.25	0.85
Southern division	6.54	8.89	18.05	1.28	2.13	11,341	38,359	0.36	1.23
Total	12.9	17.6	35.7	1.3	2.1	22,436	75,888	0.7	2.4

For personal use only

Image 2 – Pilgrims Rest Plant



Image 3 - First gold pour from Pre-mined Residue Project



For personal use only

ABOUT STONEWALL RESOURCES LIMITED

Stonewall Resources Limited (ASX: SWJ) is a gold mining company that 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.

In addition to the attractive Pre-mined Residue Project, Stonewall has three key hard rock projects being 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. Stonewall owns 74% of TGME, Sabie Mines and Bosveld Mines.

Beyond its current strategies, Stonewall has access to nearly 40 historical mines and prospect areas that can be accessed and explored.

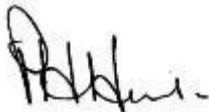
For more information please visit: www.stonewallresources.com

For further information please contact:

Trevor Fourie, Director
Stonewall Resources Limited
M: 0414 324 960
E: trevor@stonewallmining.com

Rod North, Managing Director
Bourse Communications Pty Ltd
T: (03) 9510 8309, M: 0408 670 706
E: rod@boursecommunications.com.au

On behalf of the board



Peter Hunt
Company Secretary

Competent Persons Statement

The information in this Announcement that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled by Daniel van Heerden, who is currently employed as a Director and as Principal Mining Engineer by Minxcon Projects (Pty) Ltd. His qualifications include a B.Eng. (Mining) from the University of Pretoria in 1985 and a M.Com. (Business Administration) from Rand Afrikaans University (now UJ) in 1993. He is a member in good standing of the Engineering Council of South Africa and is registered as a Professional Engineer with registration no. 20050318 as well as a Fellow in good standing of the South African Institute of Mining and Metallurgy with Membership No. 37309 which is a Recognised Overseas Professional Organisation* (ROPO) included in a list promulgated by the ASX from time to time. He has worked as a Mining Engineer for more than 28 years with more than 15 years directly associated with gold mining specifically.. Daniel van Heerden 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'. Daniel van Heerden consents to the inclusion in this Announcement 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.

For personal use only