

29 April 2014

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

QUARTERLY REPORT - 1 JANUARY TO 31 MARCH 2014

Stonewall Resources Limited (ASX: SWJ) "Stonewall" or the "Company" reports on its activities for the three month period ended 31 March 2014.

EXECUTIVE SUMMARY

Operations

- Identification and provisional measurement of Reef Residue
- Successful construction and commissioning of a wet screening plant
- Achievement of a recovery rate in the CIL Plant exceeding 80%
- Extensive flooding in South Africa during the quarter hampered construction and production activities

Exploration

- There are no exploration updates for the quarter. The Company continues to survey the considerable reef residue and surface resources

Corporate

- **Cash**
 - The Company continued to preserve cash in light of the Shandong transaction, with an available cash balance of \$3.237 million as at the end of March.
- **Shandong Transaction**
 - During the quarter, Stonewall announced that the following Conditions Precedent of the Share Sale Agreement were met:
 - Takeover Regulation Panel Exemption granted (section 119(6) of the South African Companies Act)
 - Competition Authorities Notification – legal opinion obtained that the proposed transaction constitutes a small merger and therefore doesn't require approval from the Competition Authority
 - Subsequently, Stonewall announced on the 7th April that Stonewall Mining had received Ministerial Consent under Section 11 of the Mineral and Petroleum Resources Development Act, 2002 (MPRDA) of South Africa

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.19
Total free floating shares:	247 million
Total restricted shares:	261 million
South African shares:	80 million
Total shares:	588 million

DIRECTORS & SENIOR MANAGEMENT

David Murray, Chairman
Trevor Fourie, Director
Nathan Taylor, Director
Liu Yang, Director
Andrew Macintosh, 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

- The remaining conditions to the Shandong transaction are the relevant Chinese regulatory approvals. Stonewall is working closely with the parties involved and can confirm that steady progress is being made towards gaining the Chinese approvals
- Stonewall remains confident that the approvals are proceeding according to plan. The parties previously agreed to extend the effective Date to 19 May 2014 in order to provide the regulatory bodies with adequate time to grant their approvals. In terms of this extension, the parties may extend for a further three months if a regulatory approval remains outstanding.

OUTLOOK FOR JUNE QUARTER 2014

The Company continues to focus on achieving a steady state of production and will be targeting 7,000 tpm at TGME during the second quarter of 2014 from its projects. The clear objective thereafter would be adding production from additional Reef Residue sources and utilising existing plant infrastructure. With extra milling capacity, the plant infrastructure can process up to 40,000 tpm.

The efficient monitoring of the tailings facility at Bosveld is drawing to a close and management has initiated a strategic planning phase at the operation to consider the scale and timing of the re-commissioning of underground infrastructure with the view to exploiting the high potential reef structure within the mining tenement.

Both operations remain focussed on reducing costs and preserving cash resources.

OPERATIONS

TGME PROJECTS – SOUTH AFRICA

The first quarter of 2014 witnessed the achievement of several milestones, namely:

- The identification and provisional measurement of a large target, known as Reef Residue, which is spread across the multiple historically mined operations within the Company's mining and prospecting right areas;
- The successful construction and commissioning of a wet screening plant, designed to process 3,000 tpd in order to exploit the Reef Residue; and
- The achievement of a recovery rate in the Carbon in Leach Plant exceeding 80%.

Exploration and Reef Residue

In July 2013, Stonewall announced the discovery of the Reef Residue resource target. The first phase, which entails collating and assessing historical geological information and mapping, has now been completed.

Stonewall has been granted numerous mining and prospecting rights within its 62,000 Ha tenement, with a significant number of historic mines containing various ore bodies and resources. As part of the TGME and Sabie Operations, several key near-term targets were identified for exploration. These mines have a combined existing JORC compliant resource of over 2.82 million ounces, which excludes the Reef Residue target contained within those mines.

The Combined Mineral Resources for Stonewall as at May 2013

Mineral Resource Category	Type of Operation	Tonnes	Grade	Gold	Gold	Change in Tonnage	Change in Gold Content
		Mt	g/t	Kg	'000 oz	%	%
Measured	UG	0.17	4.77	811	26.1	0	0
	Surface	0.151	1.59	240	7.7	0	0
	Tailings	2.294	0.77	1,770	56.9	0	0
	Total	2.615	1.08	2,821	90.7	0	0
Indicated	UG	2.755	5.87	16,184	520.2	0	0
	Surface	3.173	0.88	2,811	90.4	0	0
	Tailings	0.012	0.58	7	0.2	0	0
	Total	5.94	3.2	19,002	610.8	0	0
Inferred	UG	14.54	3.91	56,832	1,824.60	0.8	2.9
	Surface	0.8	0.8	642	20.6	0	0
	Tailings	2.45	3.07	7,516	241.6	-13.2	-13.2
	Rock Dump	0.12	1.59	192	6.2	0	0
	Plant Floats	0.04	0.54	22	0.7	0	0
	Beta Main	0.154	0.81	124	4	100	100
	Total	17.897	3.69	65,975	2,121.3	-0.3	1.2
	Grand Total	26.452	3.32	87,798	2,822.8	0.2	0.9

1. The tonnages and grades in the above table are quoted as *in situ* tonnes.
2. Mineral Resources declared are for the entire project and have not been divided into attributable portions.

Phase 2 of the Stonewall exploration program, which focused on the Reef Residue target, comprised three major components namely:

- Re-opening (and de-watering where necessary) the mines to survey, assay and understand available Reef Residue accumulations within existing infrastructure;
- Collation and evaluation of historical mapping and gold exploration data; and
- Evaluation of historic waste rock dumps.

Target Estimation

During the past quarter, a preliminary resource target estimation has commenced for all the relevant divisions. The work involved in preparing the estimation includes:

- Determining the total area of historical workings by digitising historical maps and measuring the mined-out areas accordingly;
- Determining grades and development areas using historical data in order to determine mined out volumes;
- Extrapolating the volume of Reef Residue available throughout the divisions using data from underground inspections; and
- Extensive physical underground exploration to visually confirm the existence of the Reef Residue.

The work is ongoing and the Company aims to be able to announce the results of the estimation as a declarable Mineral Resource on completion of the necessary surveying work and final assessments by the Competent Person.

Production

During the March quarter, the Beta and Ponieskrans rock dumps were targeted for processing. The Company decided to focus all available capacity on these two resources and to put the Frankfort Theta underground mining operations on hold, pending a large scale development as envisaged under the Shandong transaction.

Accordingly, a screening plant was constructed during the period. The operation was commissioned during March 2014. There was, however, severe flooding in the area and production was severely curtailed as a consequence. Nonetheless, the tonnage fed to the plant was sufficient to test the metallurgical recoveries under real time conditions.

The recovery in this circuit has achieved an excellent level, in excess of 80%, and residue grades have dropped to 0.28g/t. During the commissioning period, the gold produced at TGME was 653 ounces.

Flooding

The Northern parts of South Africa experienced torrential rain during March with the Mpumalanga province being one of the worst hit areas. As the floods damaged major infrastructure, the government approved a declaration of a state of disaster in the province.

The TGME operation was significantly affected by the floods. The Company experienced production losses as resources were dedicated to repair the flood damage. One of the key problems was TGME's inability to send any ultra-fines to the plant because the continuous rain washed these out of the settling ponds. This was remedied by building a pipeline. All damage sustained during the floods has since been repaired. No spillages occurred from the tailings dams and the operations' infrastructure managed under the strain of the conditions.

SABIE PROJECTS – SOUTH AFRICA

The Sabie Mines area, comprising the Rietfontein and Glynn's complex includes five sections; Rietfontein, South Werf, Malieveld, Compound Hill and Olifantsgeraamte. These mines have a current resource of 1.136 million ounces as at October 2011 (316.3 thousand ounces indicated, 818.5 thousand ounces inferred) at a grade of between 3.51 to 7.92 g/t as defined by the JORC Code. The mines are targeted to produce a total of 40,000tpm for up to 50,000 ounces per annum once fully operational at an average depth of between 200m and 600m.

The Sabie Mining complex also contains a substantial amount of reef residue, which is in the process of being evaluated. The mining right for both Rietfontein and Glynn's has been executed and final planning for the roll out of the operations is being planned for execution on completion of the Shandong Qixing transaction, which will provide sufficient capital to commence mining and further exploration of the Sabie Mines' projects.

BOSVELD MINES – SOUTH AFRICA

Bosveld Mine installed hydraulic monitoring during the previous quarter to process its tailings operation along with a fine grind circuit which has reached the end of its economic life. The metallurgical recovery process has now been tested and management is satisfied that the fine grind, preconditioning and CIL circuit will limit the residue to 0.5-0.6g/t. Accordingly, Bosveld has a plant which is capable of receiving and processing 7000t of ore once underground operations commence. A detailed study is underway to evaluate capital required to recommission the shaft and complete the development from 12 level to the high grade fish reef area. This development's capital cost will only be incurred post the Shandong Qixing transaction.

The Klipwal Mine is one of the areas of gold mineralisation of Bosveld Mines Proprietary Limited, a subsidiary of the Consolidated Entity, and has considerable exploration potential.

STONEWALL RESOURCES - AUSTRALIAN PROJECTS

Lucky Draw

The tenement is situated near the township of Burruga, approximately 3 hours west of Sydney. The Lucky Draw tailings dam is located 1.3km northeast of the Lucky Draw gold mine, an open cut mine that ceased operation in 1991.

Following extensive exploration to define the resource for successful extraction the company entered into a venture with Developed Resources Proprietary Limited (Developed) with a focus on recovery of gold from the tailings dam. The venture was renewed and Stonewall and Developed are committed to advance the opportunity with detailed feasibility assessments and trials to further define the economic viability of the project.

Weelah

The Company has investigated the potential of the tenement and has disposed of the tenement.

Springfield

Springfield is situated approximately 220km north west of Sydney and lies between the towns of Gulgong and Mudgee. The tenement covers 70km² and is located in the upper catchment of the historically significant Gulgong alluvial goldfield.

No field work was undertaken by the Company during the Quarter.

CORPORATE

CASH POSITION

The Company's available cash balance as at the end of March 2014 was \$3.237 million (December 2013: \$4.686 million).

SHANDONG TRANSACTION

- During the quarter, Stonewall announced that the following Conditions Precedent of the Share Sale Agreement were met:
 - Takeover Regulation Panel Exemption granted (section 119(6) of the South African Companies Act)
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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.

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. 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

ABOUT SHANDONG QIXING IRON TOWER CO., LIMITED

Shandong Qixing Iron Tower Co., Ltd (002359.SZ), a listed entity on Shenzhen Stock Exchange since February 10, 2010, is part of the Qixing Group Company Limited (Qixing Group).

Qixing Group is a privately owned large-scale diversified industrial company with 15 operating companies and 7 subsidiaries. The group's revenue exceeded RMB15 billion (US\$2.3 billion) in 2012 with 12,000 employees. Qixing Group has several key segments, aluminium, thermo-electricity (6 power stations with capacity of 1500MW), iron tower manufacturing, as well as a range of diversified downstream businesses including financial services, mining and tourism.

Qixing Group conducts business worldwide with products sold throughout China, as well as 24 countries in Central and South East Asia, Europe and Africa. Qixing Group is seeking to increase its international footprint and expand into the resources sector as part of its co-coordinated internationalisation and diversification strategy.

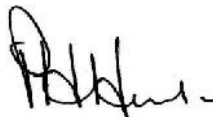
Qixing Group's headquarters (www.qxtt.cn) and major divisions are located in the National Economic and Technological Development Zone, Zouping County, 68 km west of Jinan, 39 km east to Zibo, in Shandong Province.

For further information please contact:

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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 Recognized Overseas Professional Organization' (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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Stonewall Resources Limited

ABN

30 131 758 177

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	1,138	4,777
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration (e) direct production related	(3,079) (1,925)	(10,137) (4,895)
1.3	Dividends received	8	193
1.4	Interest and other items of a similar nature received	(309)	(646)
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(4,167)	(10,708)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (including capitalised exploration and development costs)	(13) (353)	(74) (2,873)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities	14	14
1.11	Loans repaid by other entities		
1.12	Other (Rehabilitation Trust Fund)	(74)	(353)
Net investing cash flows		(426)	(3,287)
1.13	Total operating and investing cash flows (carried forward)	(4,593)	(13,995)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(4,593)	(13,995)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,000	9,004
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	77	4,280
1.17	Repayment of borrowings	(39)	(76)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	3,039	13,207
	Net increase (decrease) in cash held	(1,554)	(787)
1.20	Cash at beginning of quarter/year to date	4,687	3,847
1.21	Exchange rate adjustments to item 1.20	105	177
1.22	Cash at end of quarter	3,237	3,237

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	131
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Salary payment to CEO (who is also a director) and service contract payments to a director related entity both from Stonewall Mining Pty Ltd.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,000	4,000
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	113
4.2 Development	61
4.3 Production	1,364
4.4 Administration	1,109
Total	2,647

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,165	4,686
5.2 Deposits at call	72	1
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,237	4,687

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	494,196,673	232,141,206		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,000,000	15,000,000	\$0.20	
7.5 +Convertible debt securities –				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Unlisted, restricted & escrowed until 30/11/2013	13,782,011		<i>Exercise price</i> \$0.20	<i>Expiry date</i> 28/11/2015
Unlisted, unrestricted & unescrowed	1,000,000		\$0.20	27/11/2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	1,000,000		\$0.25	31/03/2014
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

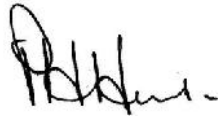
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29 April 2014

Print name: Peter Hunt

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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