

29 January 2015

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

ASX ANNOUNCEMENT

RESOURCE UPDATE

HIGHLIGHTS

- Increase in Resource from 2.82M to 2.99M oz

RESOURCE INCREASE

Stonewall Resources Limited (ASX: SWJ) ("Stonewall") is pleased to announce a resource update for the company.

Following a correction of the Specific Gravity (SG) calculation used by the Competent Person, as well as depletions resulted from mining activities during June 2013 to November 2014, it was found that the overall Mineral Resources of Stonewall Mining have experienced a net increase of 6.04% in tonnage and a net increase of 5.94% in ounces.

The underground indicated mineral resources have increased by 5.37% in tonnage and 4.44% in gold content because of the adjustment made to the SG at Beta mine.

The underground inferred mineral resources have increased by a net 10.23% in tonnage and 7.78% in gold content due to SG applied to Beta mine. This also takes account of the small inferred tonnage mined out at Frankfort mine.

The tailings inferred mineral resources decreased by 0.21% in tonnage and 0.22% in gold content due to small tonnage mined out at TGME plant tailing facility.

The inferred mineral resources attributable to the Beta mine rock dump has decreased in tonnage by 29.45% and in ounce by 29.27% due to significantly higher mined versus sampled grade for the rock dump.

The inferred mineral resources for Stonewall has experienced a net 8.1% increase in tonnage, accompanied by a net 6.82% increase in gold content, primarily due to the SG adjustment applied to Beta mine.

MARKET DATA

| | |
|-----------------------------|-------------|
| ASX code: | SWJ |
| Current share price: | \$0.185 |
| Total free floating shares: | 519 million |
| South African shares: | 80 million |
| Total shares: | 599 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

The table below illustrates the updated combined Mineral Resource:

The combined mineral resources for Stonewall as at November 2014

| Mineral Resource Category | Type of Operation | Tonnage | Gold Grade | Gold Content | | Change in Tonnage | Change in Gold Content (Moz) |
|---------------------------|-------------------|---------------|-------------|---------------|----------------|-------------------|------------------------------|
| | | Mt | g/t | Kg | '000 oz. | % | % |
| Measured | UG | 0.170 | 4.77 | 811 | 26.1 | 0.00 | 0.00 |
| | Surface | 0.151 | 1.59 | 240 | 7.7 | 0 | 0 |
| | Tailings | 2.294 | 0.77 | 1,770 | 56.9 | 0 | 0 |
| Total Measured | | 2.615 | 1.08 | 2,821 | 90.7 | 0.00 | 0.00 |
| Indicated | UG | 2.903 | 5.82 | 16,902 | 543.3 | 5.37 | 4.44 |
| | Surface | 3.173 | 0.88 | 2,811 | 90.4 | 0 | 0 |
| | Tailings | 0.012 | 0.58 | 7 | 0.2 | 0 | 0 |
| Total Indicated | | 6.088 | 3.2 | 19,720 | 633.9 | 2.49 | 3.78 |
| Inferred | UG | 16.151 | 3.90 | 63,028 | 2,026.5 | 10.23 | 7.78 |
| | Surface | 0.801 | 0.8 | 642 | 20.7 | 0 | 0 |
| | Tailings | 2.124 | 3.06 | 6,503 | 209.0 | -0.21 | -0.22 |
| | Rock Dump | 0.121 | 1.59 | 192 | 6.2 | 0 | 0 |
| | Plant Floats | 0.041 | 0.54 | 22 | 0.7 | 0 | 0 |
| | Beta Main | 0.109 | 0.81 | 88 | 2.8 | -29.45 | -29.27 |
| Total Inferred | | 19.346 | 3.64 | 70,475 | 2,266.0 | 8.10 | 6.82 |
| Grand Total | | 28.049 | 3.32 | 93,016 | 2,990.6 | 6.04 | 5.94 |

In accordance with the views expressed by the Competent Person, this increase does not result in a material change in the Company's Mineral Resource.

Please refer to the Company's announcement released on 7 August 2013 ('Milestone of 2.8Moz Reached Announcement Updated') for further details in respect to the initial Mineral Resource. The Company is not aware of any new information or data that materially affects the information included in announcement of 7 August 2013 and all material assumptions and technical parameters underpinning those estimates continue to apply and have not materially changed.

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TRANSVAAL GOLD MINING ESTATES LIMITED

Transvaal Gold Mining Estates is situated within the Sabie-Pilgrim's Rest Goldfield in the Mpumalanga Province of South Africa, and stretches for over 65 km between the towns of Pilgrim's Rest and Sabie. Transvaal Gold Mining Estates has been mined since 1886 with estimated historical production of 200 t of gold (6 Moz). Stonewall has identified excellent surface deposits, which include old tailings dams, rock dumps and open pits, and underground exploration targets, which include flat dipping, near-horizontal mineralised zones and one near-vertical mineralised zone.

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.

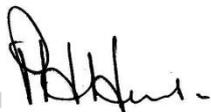
For more information please visit: www.stonewallresources.com

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.