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

DISCOVERY OF NEW POTENTIAL MINERALISED REEF HORIZONS INCLUDING UPDATE ON SURFACE EXPLORATION AND DRILLING PROGRAM

ASX ANNOUNCEMENT

HIGHLIGHTS

- **The discovery of multiple mineralised reef horizons that may have significant economic value, potential future resource classification and comprise significant mineable reserves**
- **Geological features (structures) that in some areas host gold mineralisation have been intersected**
- **Additional sulphide mineral bearing zones at the Beta prospect have been intersected**
- **Progress in collating and assessing historical geological information and mapping**
- **Significant surface exploration diamond drilling for the period of 6,600.99 m**
- **In addition, new discoveries resulting from the Beta underground exploration program, currently being assessed**

Stonewall Resources Limited (ASX: SWJ) (“Stonewall”) is pleased to provide an update on its exploration program featuring the discovery of new potential economic gold bearing reefs at its Transvaal Gold Mining Estates (“TGME”) Surface Drilling Exploration Project.

The drilling plan during the first half of 2013 produced significant surface exploration diamond drilling output, with the total project drilled metres achieved for the period reaching 6,600.99 m. The Beta and Vaalhoek Projects achieved 4,744.02 m and 1,721.65m, respectively, whilst the Frankfort Project reached 135.32 m. The most notable drilling results are the six (6) mineralised horizons, intersected above the Target Reef i.e., Beta Reef, and two (2) below the Beta target reef, that may have significant economic value, potential future resource classification and comprise significant minable reserves.

This mineralised zone is being evaluated and if positive assay results are returned then it may represent a significant additional resources not previously included in resource statements. Continuing evaluation of historical data indicates that this mineralised zone in the vicinity of the Beta mine may be extensive.

In commenting on the discovery of new potential reefs, CEO, Lloyd Birrell said:

“The drilling program has yielded new potential discoveries at Beta. Historically, our current resource for Beta was based on the assessment of a single reef, namely the Beta target reef. The intersection of multiple reef horizons and additional sulphide bearing zones may have significant economic value. Multiple reefs are also present at Vaalhoek. The challenge and focus will shift from the drilling program to assessing and quantifying these additional potential mineralised horizons, particularly with a view to assessing their economic viability.”

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.125
Total free floating shares:	196 million
Total restricted shares:	209 million
Deferred consideration shares:	73 million
South African shares:	65 million
Total shares:	543 million

DIRECTORS & SENIOR MANAGEMENT

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

MAJOR SHAREHOLDERS

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

TGME has numerous mining and prospecting rights granted within its 62,000 Ha tenement, with 43 historic mines containing various ore bodies and resources. As part of the TGME and Sabie Mines (Pty) Ltd (“Sabie”) Operations, four key near-term targets covering 46,241 Ha were identified for exploration, namely Beta, Vaalhoek, Rietfontein and, Glynn’s Mines. These mines combined have an existing JORC compliant resource of over 2.794Moz.

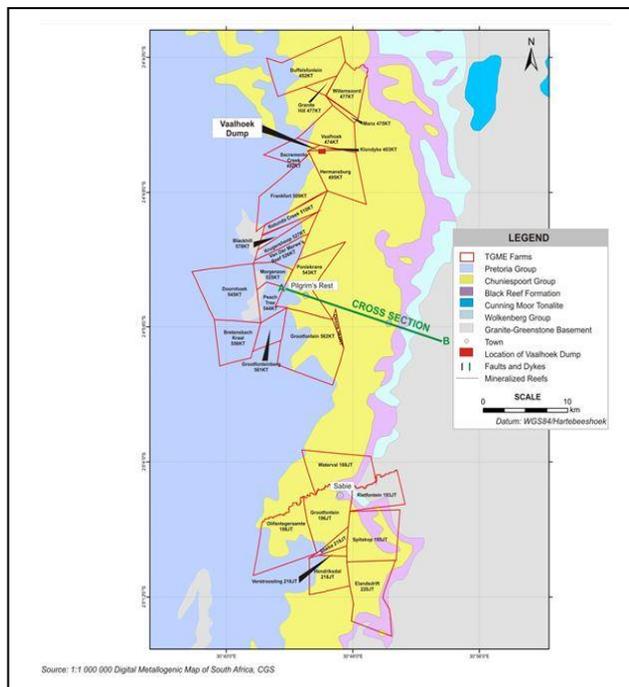
Phase 1 of the Stonewall exploration program, which focused on Beta, Frankfort and Vaalhoek projects, comprised four components:

- **Drilling** - to identify the various mineralised zones and reef extensions to existing mined reefs
- **Dewatering and Re-opening** - to survey, assay and understand available blocks, faces and ore bodies within existing infrastructure
- **Collation and Evaluation of Historical Mapping and gold exploration data**
- **Evaluation of historic waste rock dumps and residues**

BACKGROUND: HISTORY AND DISCOVERIES – TGME-SABIE

The Sabie-Pilgrim’s Rest Goldfield is the oldest gold mining district in post-colonial South Africa, with historical production being estimated at 6Moz of gold. The licence area was extensive, covering 75km (N/S), 35km (E/W) and 43 operating mines feeding several central processing plants. In 1955 TGME acquired Glynn’s Lydenburg Ltd., which had been in operation since 1898, and which is now called Sabie Mining (PTY) Ltd (“Sabie”). Sabie is a subsidiary of Stonewall along with TGME.

In 1960, AL Zietsman (a Rand Mines’ geologist) systematically integrated regional geological mapping and exploration data to provide a significant contribution to the understanding of the controls on mineralisation. Exploration of the area has been ongoing since then, culminating in thousands of maps, plans and a high magnitude of geological data. Stonewall has made significant progress in collating and evaluating this data.

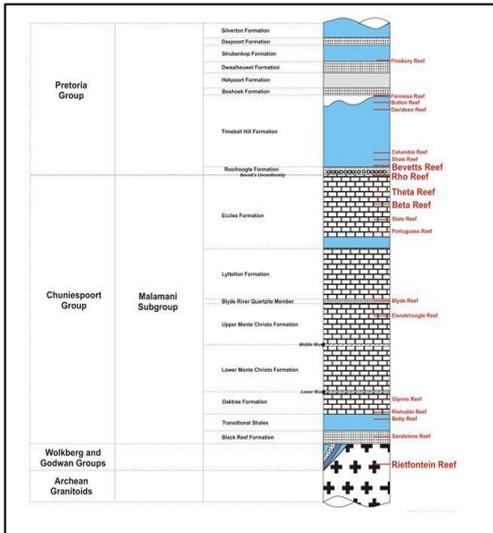


Simplified geological map and permit areas, SPRG

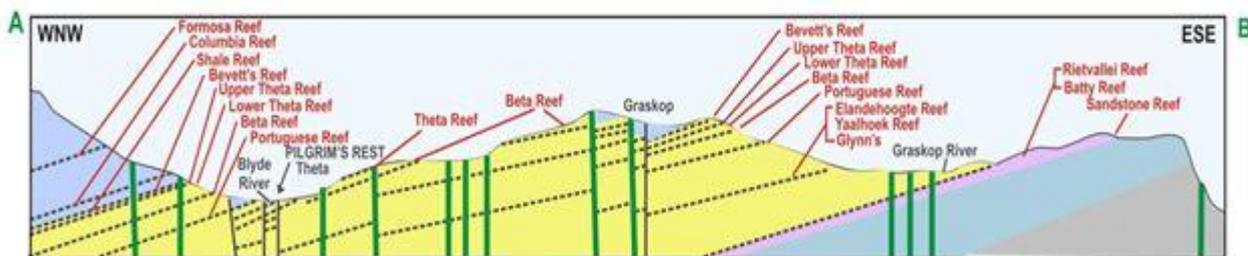
OVERVIEW – GEOLOGY

Historical geological work and mining over the last century revealed multiple reef structures. One of the objectives of the drilling program was to ascertain whether these multiple reef structures appeared in the budget areas, namely Beta and Vaalhoek.

Hereunder is a graphic presentation of the known reef structures, as reconstructed from available information.



Simplified stratigraphic column of the area



Simplified geological section of the area.

As may be observed, multiple reef structures were discovered and mined over the past century.

SURFACE EXPLORATION PROJECTS

OBJECTIVE

The objective of the surface drilling program was to determine:

- Whether the target reef (the basis of the resource evaluation) can be extended and if so, how far
- Whether additional reefs/mineralised zones were present

BETA

The most notable drilling result is the additional zones of sulphide mineralisation intersected above the Beta reef and adjacent to the Beta mine. This mineralised zone is being evaluated and if positive assay results are returned then it may represent a significant additional resources not previously included in resource statements.

If economically feasible, significant potential exists for an increase in reserves. However, the areas in the Life of Mine (LoM) plan in the category of Inferred Resources will have to be upgraded to Measured and indicate resources first.

- The in-fill and down-dip drilling may result in the conversion of inferred resources to the indicated / measured categories, which in turn may provide the basis of Proven and Probable reserves
- Greater mining flexibility and enhancement of LoM tonnage, grade and metallurgical processing

The current Beta Surface Exploration Project has provided the following:

- Identified various lithostratigraphic units, containing various potential mineralised sulphide-bearing reef zones
- Geological features (structures) that in some areas host gold mineralisation have been shown to extend ahead of historic mining infrastructure
- Possible additional sulphide mineral bearing zones to target

The core samples are being prepared and logged for assaying. These values, once reported, will result in an updated resource evaluation and strategic review for the further and continued exploration and evaluation of historic mining blocks.

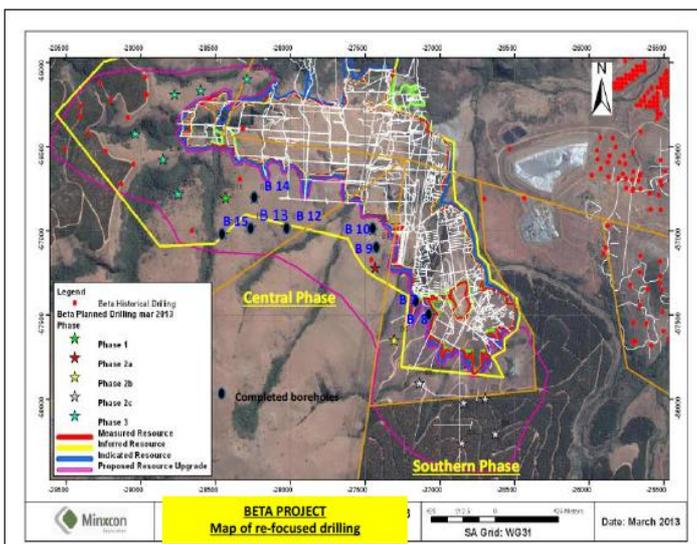
CURRENT RESOURCE AND TARGETED UPGRADE

The Beta Mine has a mineral resource as defined by the JORC code of 0.5308Moz (0.0691Moz indicated, 0.4617Moz inferred) at a grade of 3.10g/t to 4.86g/t. The aim of the exploration drilling project targets an upgrade of 0.399Moz to 0.665Moz from inferred to indicated resource, as defined in the JORC code, with the potential of proving up an additional 0.11Moz to 0.40Moz inferred.

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

*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 it is uncertain if further exploration will result in the determination of the Exploration Target as a Mineral Resource.



The Beta Project is situated west of the old Beta mine and Pilgrims plant, with the target being the Beta reef.

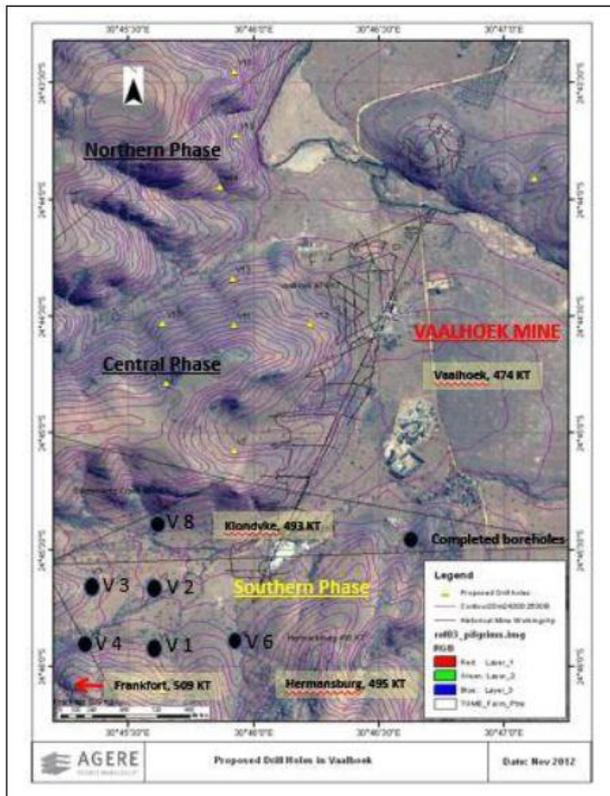
It should be noted that the existing JORC resource for Beta relates only to the Beta reef i.e. the Target Reef, and does not include the additional mineralised zones identified by the drilling program. The feasibility study into the re-opening of Beta is in the final stages of completion.

Note:

This announcement deals exclusively with the results of the surface drilling exploration program, and not with the results of the underground exploration program, which will be set out in a separate update on the Exploration Program.

VAALHOEK PROJECT

Difficult drilling conditions did not allow for drilling ahead of the historic mine workings. However drilling on the flanks of an historic trend intersected sulphide mineralisation at a depth that would suggest the hydrothermal system responsible for the mineralisation of the Vaalhoek reef was much larger than previously known. Preliminary results of the current drilling are to be evaluated, with the potential of re-focused strategic positioning of planned boreholes to evaluate the two (2) potential pay trends on Vaalhoek.



The Vaalhoek mine has a mineral resource as defined by the JORC code of 0.248Moz inferred at a grade of 5.74 g/t and is targeted to produce 40,000 t.p.m. for up to 70,000oz p.a. once fully operational from an average depth of between 120m and 250m below surface.

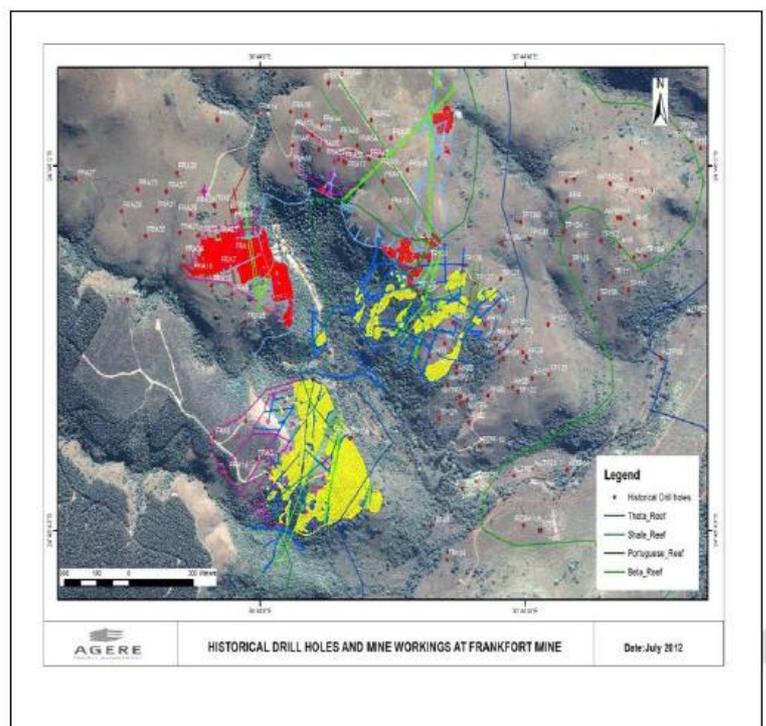
The Vaalhoek Project is situated in the southern and mid-west of the old Vaalhoek mine, with the target being the Vaalhoek reef.

A total of 1,721.65 m of the planned 3,028m has been drilled since drilling commenced in March 2013. . Four (4) of the planned sixteen (16) holes have been completed whilst three (3) had to be abandoned due to difficult ground conditions.

FRANKFORT PROJECT

The Frankfort mine has a mineral resource as defined by the JORC code of 0.0718Moz, 0.026Moz at 4.77 g/t measured and 0.0456Moz at 5.05 g/t inferred.. **The single hole at Frankfort intersected the Bevet's reef.**

The Frankfort Project is situated, at the historic Theta and Bevet's Sections of Frankfort Mine with both the Theta and Bevet's Reef's being targeted. The mine is currently being commissioned.



ABOUT 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 6Moz of gold. 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.

The Company began production from the TGME Project tailings operations in the 2nd quarter of 2011 and commissioned the second tailings operation at the Bosveld Project in the 3rd quarter of 2012, and is currently earning revenue from both operations.

Near-term projects target an increase in production to 40,000oz pa by the end of 2013, increasing to 205,000oz pa by the end of 2016.

The near-term objective of the Company's exploration strategy is to identify an additional 0.33Moz to 3.070Moz of Mineral Resources by end 2013, including an upgrade of between 0.399Moz and 0.665Moz from Inferred to Indicated by end-2013, with particular focus on the Company's TGME Project.

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

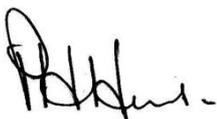
For more information please visit: www.stonewallresources.com

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 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.

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.