

Enthusiastic investors back our plans

It was tremendously heartening to see shareholders enthusiastically support our plans to resume gold production in South Africa by oversubscribing our discounted share purchase plan, which closed in mid-April.

And it was even better to see that the new shares – issued at 2.1 cents – are in the money already with our shares trading recently between 2.7c and 3.1c.

We intended to raise \$750,000 through the offer and the applications we received totalled \$1.06 million – that is 41% oversubscribed. This meant applications had to be scaled back to the target raising.

The funds will be used to advance our plans to start producing gold in the next 18 months from our near surface, low cost Rietfontein hard rock resource which has 905,000oz grading up to 11tg/t of gold.

By comparison, the newly discovered monster South African deposit of 11.5 million ounces found by celebrated WA prospector Mark Creasy in Witwatersrand Basin is 1km below ground.

Our Rietfontein deposit's JORC resource was upgraded in February to include a measured and indicated resource of 233,000 ounces grading 10.06g/t gold and an inferred resource of 672,000 ounces grading 11.4 g/t gold.

When you're talking high-grade – which generally means more than 10g/t – one-million-ounce deposits are rare. This makes Rietfontein a globally significant high-grade gold deposit as there are only about 26 such deposits in the world – and only 14 of those are producing.

Our scoping study on Rietfontein indicates the project could produce 60,000 ounces of gold a year at a cost of US\$417 an ounce, well under current gold prices of around US\$1,250 an ounce.

When combined with the resource at our nearby Beta mine – which we put at 6.8 million tonnes grading 3.3g/t for 709,000 ounces – we are confident we can get production up to 100,000 ounces a year reasonably quickly.

The preliminary feasibility study – which is under way – should give us a better idea of this. We expect to complete the PFS in the second half of this year.

The upgrade to Rietfontein took the combined resource for our ground in the Pilgrim's Rest gold province to 3.43 million ounces of gold at 3.71 g/t. All up, our tenements contain more than 40 historical hard-rock mines, which will all be reassessed in due course.

The new equity funding comes after we secured \$5.4 million from New York-based alternative asset management firm Lind Partners in January. With more than \$6.1 million in new funding this year, we're now well-placed to start executing our plan to kick-start production in South Africa.

This plan is backed by ready-to-go approvals, the existence of historical mining and existing infrastructure work, well-understood metallurgy and a low-capital-cost strategy, all of which positions us nicely to create shareholder value from our 3.4 million-ounce resource. And we believe there is considerable upside to this resource through further exploration.

We also continue to be tremendously encouraged analyst opinion on our project and plans. In March, Resource Capital Research assessed Stonewall's net asset value at 5.6c a share and gave a 12-month target price for our shares of 6 c.