STONEWALL
RESOURCES

16 May 2017

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

ASX ANNOUNCEMENT

BETA SCOPING STUDY REVEALS POTENTIAL SECOND LOW COST GOLD MINE

The Board of **Stonewall Resources Limited (ASX: SWJ) ("Stonewall or Company")** is pleased to announce the completion of the second part (Beta Mine) of the Scoping Study into the Company's combined Rietfontein and Beta staged hard-rock mine development. As with the first part of the Study that focused initially on Rietfontein, this Study was also delivered by international mining and project consultants Bara Consulting, based in Johannesburg, South Africa. The updated Scoping Study was conducted in accordance with the JORC (2012) Reporting Code and other Industry guidelines.

The first part of the Scoping Study focused on an initial low capital and operating cost development approach at the fully permitted Rietfontein mine (announced to the ASX on 28 February, 2017). Ore is to be processed at the TGME processing facility at Pilgrims Rest (owned by Stonewall) following planned upgrade and refurbishment. Highlights of this previous study included potential C1 operating costs of US$417/ounce with a production profile of up to 60,000 ozpa.

It is a central strategy of Stonewall to develop mining operations with low capital cost and high operating margins and Beta fits this requirement.

This recent Beta scoping work is also developed and modelled on a staged basis where the capital cost of the second stage can be funded internally through cash flow from Rietfontein. The study indicates a combined Rietfontein and Beta development can produce up to 100kozpa from both mines, with low capital requirements (US$29M peak drawdown). A base-case pre-tax NPV of US$166M (A$220M), and overall C1 cost of US$495/oz is quoted. It should be noted that during this Beta study work, the Rietfontein development was further reviewed and the initial peak drawdown has been reduced from US$31M to the current figure.

The study is considered to be at Scoping Level and includes some inferred resources in the preliminary mine schedule (59% inferred, 41% indicated JORC 2012 on a weighted average basis). Some aspects of the study are at a higher level of confidence than that typically included in a scoping study, including detailed monthly mine scheduling and planning, combined with comprehensive cost estimates from underground mining contractors. As announced to the ASX on 4 May 2017, preliminary feasibility work into this shallow adit-entry and low cost mining project is underway, with drilling planned to commence at Rietfontein in coming weeks.

The Company intends to commence mine construction and plant refurbishment in early 2018 (subject to available funding), with the aim of first ore being delivered to the plant by the end of 2018.

Managing Director Rob Thomson said: *"Both Rietfontein and Beta are designed to underpin the company's growth plans, which we believe will be complemented by other nearby low-cost ore sources also being investigated.*

The low capital and low operating cost of the TGME project means the economics appear very robust, and we are confident as the feasibility work progresses, the project will attract development funding.

We plan to commence drilling at Rietfontein to upgrade the resource in coming weeks and remain focused on bringing Rietfontein into production in 2018. The fully permitted, high grade Rietfontein project is expected to underpin our medium term development strategy and this will be supported by the Beta development."

Cautionary Statement

The Scoping Study referred to in this announcement is based on low level technical and economic assessment, insufficient to support the estimation of ore reserves. There is no assurance that the intended development referred to will proceed as described, and will rely on further studies at the Pre-Feasibility and Feasibility Study levels, and access to future funding to implement.

Stonewall believes it has reasonable grounds under ASIC Information Sheet 214 to report the results of the Scoping Study. The mine plan referred to in the quoted NPV contains 41% Indicated Mineral Resources and 59% Inferred (ASX releases dated 7/2/17 and 28/3/17 for Mineral Resource Statements). The Rietfontein & Beta mines have been previously operated to extract gold and have existing underground development and some infrastructure in place. The company intends to conduct further drilling to upgrade the Mineral Resources incorporated in the mine plan to at least Indicated Mineral Resource status as required to establish reserves under JORC (2012) as well as test for strike and depth extensions. The results of the drilling will be used to progress further project studies to enable finance to be arranged to execute the mine plan. At this stage there is no guarantee that funding will be available, and investors are to be aware of any potential dilution of existing issued capital.

The production targets and forward looking statements referred to are based on information available to the company at the time of release, and should not be solely relied upon by investors when making investment decisions. SWJ cautions that mining and exploration are high risk, and subject to change based on new information or interpretation, commodity prices or foreign exchange rates. Actual results may differ materially from the results or production targets contained in this release. Further evaluation and appropriate studies relating to geology, mining and economics are required to increase the level of confidence prior to a decision to conduct mining being made.

The estimated Mineral Resources quoted in this release have been prepared by Competent Persons as required under the JORC Code (2012). Material assumptions and other important information are contained in this release.

Competent Persons Statement

The information in this report relating to Mineral Resources is based on information compiled by:

- Rietfontein Mineral Resource - by Daniel van Heerden, B.Eng. (Mining), M.Com.(Business Administration) who is employed as a Director and as Principal Mining Engineer by Minxcon Projects (Pty) Ltd.
- Beta Mineral Resource – by Mr Uwe Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat. No. 400058/08, MGSSA), a director of Minxcon (Pty) Ltd.

The original reports titled “New High Grade Resource (JORC 2012) at Rietfontein and Significant Resource Upgrade” and “Beta Resource Upgrade” were dated 7 February 2017 and 28 March 2017 respectively and released to Australian Securities Exchange on those dates.

The Company confirms that –

- It is not aware of any new information or data that materially affects the information included in the Australian Securities Exchange announcements; and
- All material assumptions and technical parameters underpinning the estimates in the Australian Securities Exchange announcements continue to apply and have not materially changed.

STONEWALL RESOURCES

OVERVIEW

Stonewall Resources Limited is pleased to announce the results of a Scoping Study for its combined Rietfontein and Beta Projects, part of the Company's TGME gold project.

The TGME project is situated in the historical gold mining areas of Pilgrims Rest and Sabie, located 370 km east of Johannesburg and 95 km north of Nelspruit, the capital city of Mpumalanga Province in South Africa (Figure 1 & 2). The area has produced over 7Moz @ 10 g/t Au (Figure 3) historically.

During this study the Rietfontein mining schedule was modified (compared to the first results) to reflect continuing discussions with South African mining contractors, including improved development rates by running a 24 hour per day operation as well as current contractor commercial rates. Beta development is currently planned to be funded from cashflow in Year 2, so as to maintain the low-capital nature of the development.

Rietfontein and Beta are core components of the Company's extensive Mineral Resource base (Measured, Indicated and Inferred Mineral Resources) of 26.6 Mt @ 4.34 g/t for 3.72Moz (115.7 tonnes) of gold last updated on the ASX 28 March, 2017, and included as an Appendix to this release.

The combined Rietfontein and Beta development sees production in excess of 100kozpa, at low cash cost.

It is the intention of the Company to further develop other high grade and low capital cost mines within the portfolio in coming years through the application of modern mining and processing techniques.

Table 1: Combined Rietfontein & Beta Staged Development

Parameter	Detail
Mineral Resources	Rietfontein: 2.55Mt @ 11g/t (905Koz, 26% indicated, 74% inferred) – *Table A1, p22* Beta: 4.72 @ 6.6g/t Au (1.0Moz, 48% indicated, 52% inferred)- *Table A2, p22*
Production Schedule (Milled tonnes)	3.3Mt @ 7.7g/t Au for 817koz contained
Mine Life	9 yrs including construction (7.5 yrs full production)
Processing Rate (design rate)	440ktpa
Recovery (Life of Mine)	86% anticipated recovery for Rietfontein, 80% for Beta (680koz LOM recovered, 83% overall recovery)
Capital Cost	Total US$64.9m (US$29m peak drawdown in Year 1, Rietfontein, remainder cashflow funded)
Operating Costs	US$ 101/t LOM average operating cost (US$495/oz C1 recovered)
Project NPV (10% DCF), before tax (IRR)	US$166M (IRR 81%)
LOM Capital Costs	Sustaining Capital of approximately US$10Mpa over the Life of Mine, and AISC of US$624/oz including royalties, excluding initial capital

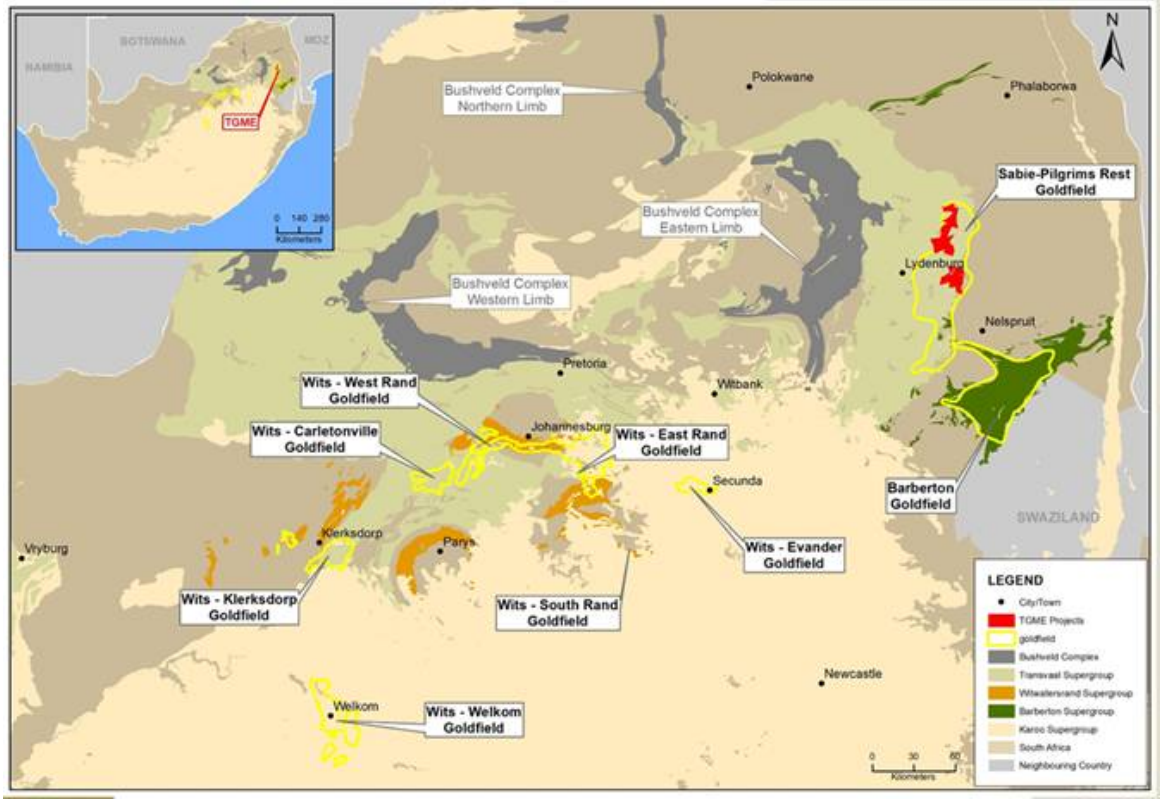


Figure 1) Location of Sabie-Pilgrims Rest Goldfield

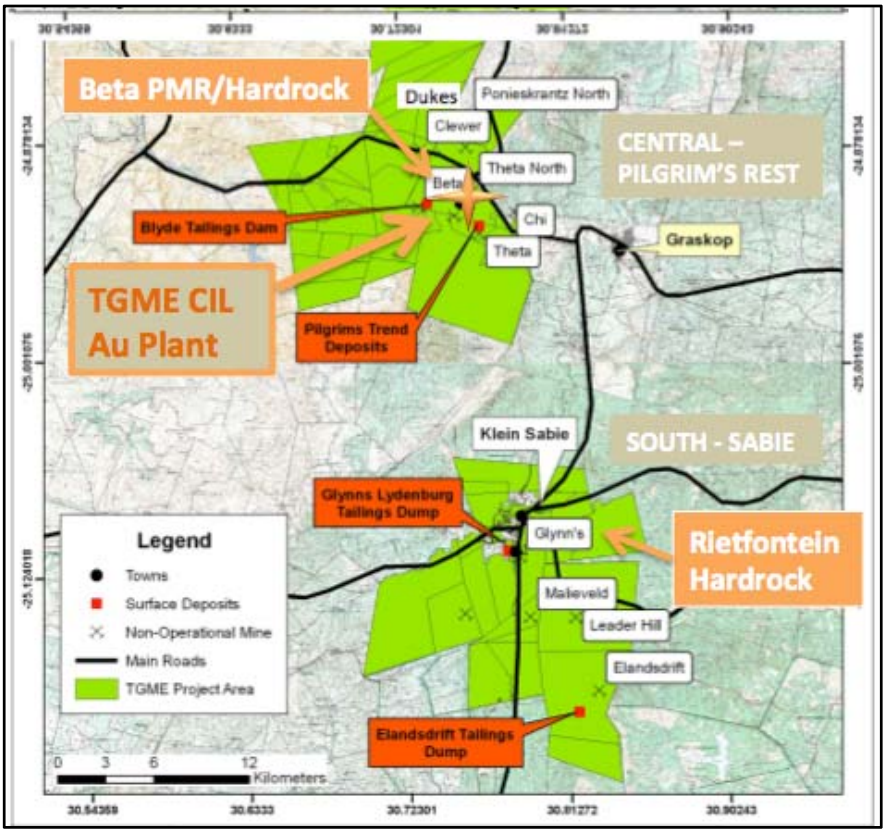


Figure 2) Location of Beta and Rietfontein within the TGME project area

Northern & Central (Pilgrims Rest)

1872 - 1972 : ≈ 4.27 Moz

2005 - 2014 : ≈ 0.23 Moz

Southern (Sabie)

1872 – 1972 : >2.5 Moz

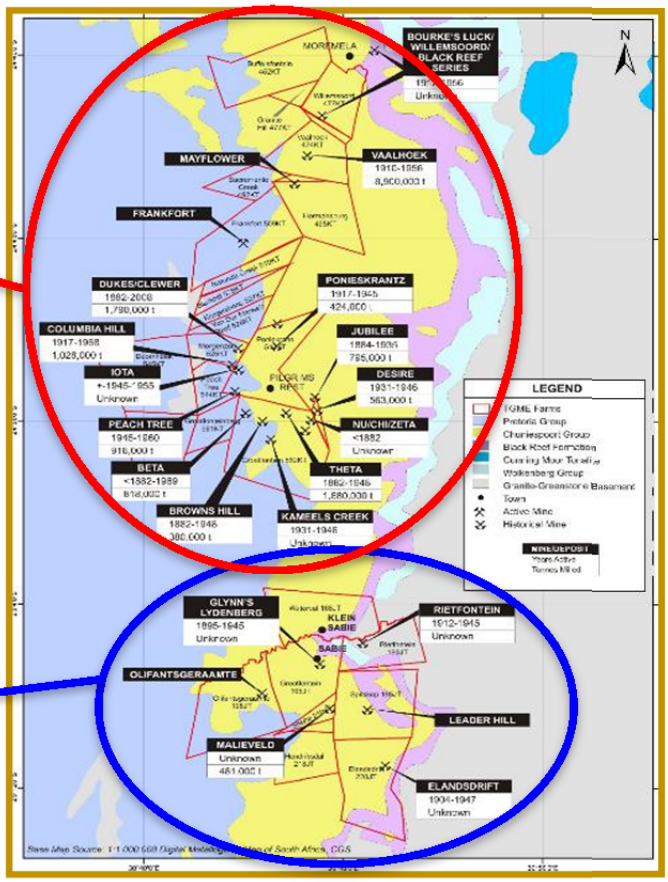


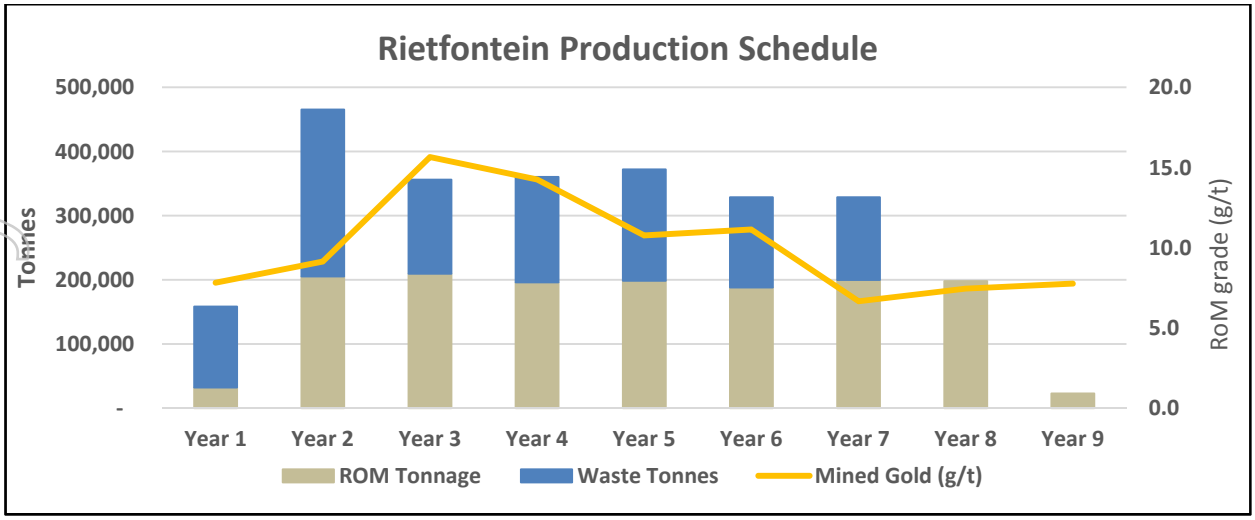
Figure 3) Map of historical mine production in the TGME project area

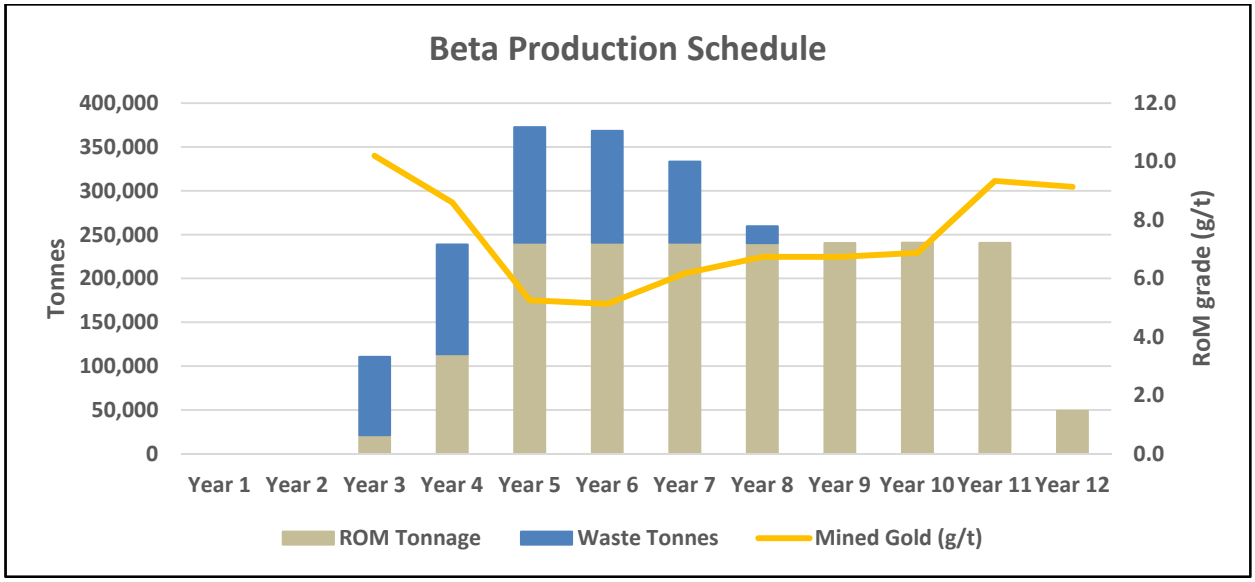
COMBINED RIETFONTEIN AND BETA DEVELOPMENT

Bara Consulting was engaged to update the Rietfontein Scoping Study to include the development of the Beta Resource. Assuming start-up (construction) of Rietfontein in early 2018, it is expected that the Beta development would commence 18 months later, and be funded by cashflow from Rietfontein. The peak funding requirement of US$29m (excluding working capital) for the staged development (being peak Rietfontein funding) compares to the estimate of US$64.9m for the concurrent construction of both projects (Refer to Table 5, p15).

The new Rietfontein schedule that has been developed, allows for an improved ramp-up period through mechanised development, and changing shifts from an 11/14 roster to a 30 day, 3 shift per day system. Mining costs have been updated and confirmed, based on discussions with in-country contractors and checked against in-country peers, however these have not changed materially from the last Scoping Study release (28/2/2017).

The main waste development drives have been increased from 3.5 x 3.5m wide to 4.0m x 4.0m, to enable larger trucks underground with increased haulage capacity. Whilst this combined development makes sense, it is the focus of the Company to add additional projects to the development plan for TGME, several of which are currently under investigation, and expected to be articulated to the market in 2H'CY'17.





Figures 4 & 5) Revised Rietfontein & Beta Underground Production Schedules

The advantage of a combined development scenario mainly revolves around the de-risking of the operation in the event of problems with either of the mines. The increased cash flow will also allow for further development opportunities to be accelerated within the Company's vast portfolio of assets.

An additional benefit is the Company will have an operating presence in the central and southern areas of the tenement holdings area which will assist in reducing the time to further develop other adjacent assets.

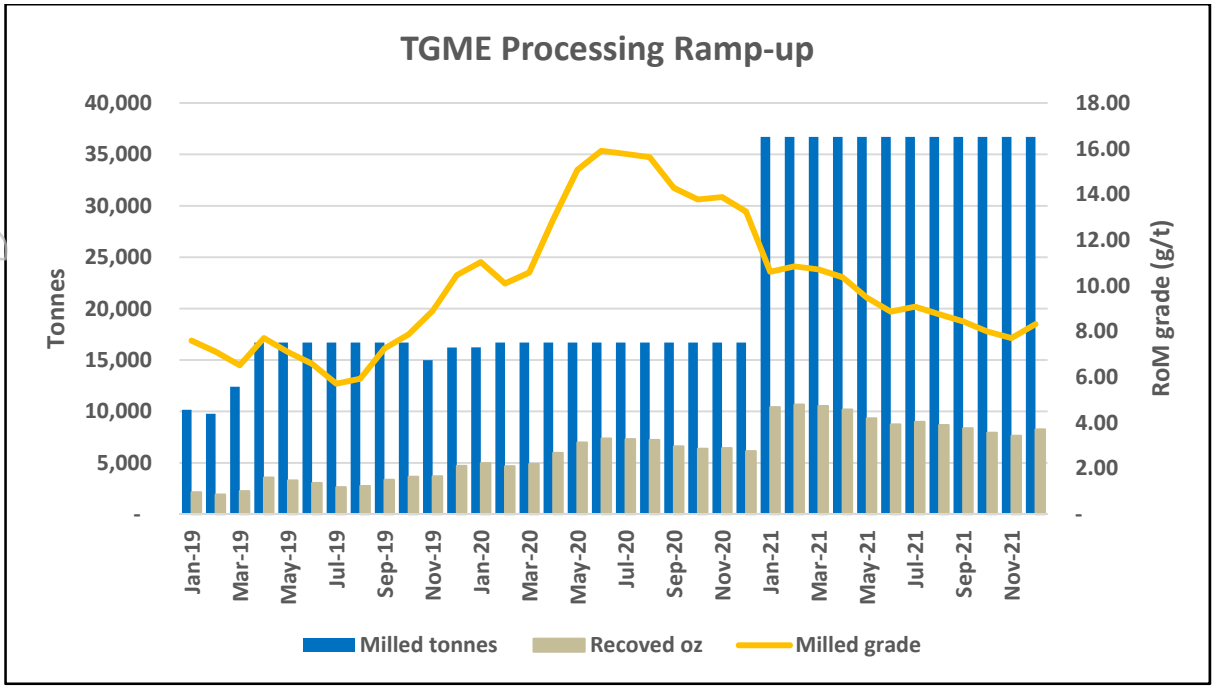


Figure 6) TGME plant ramp-up schedule (assuming commence 1 January, 2018)

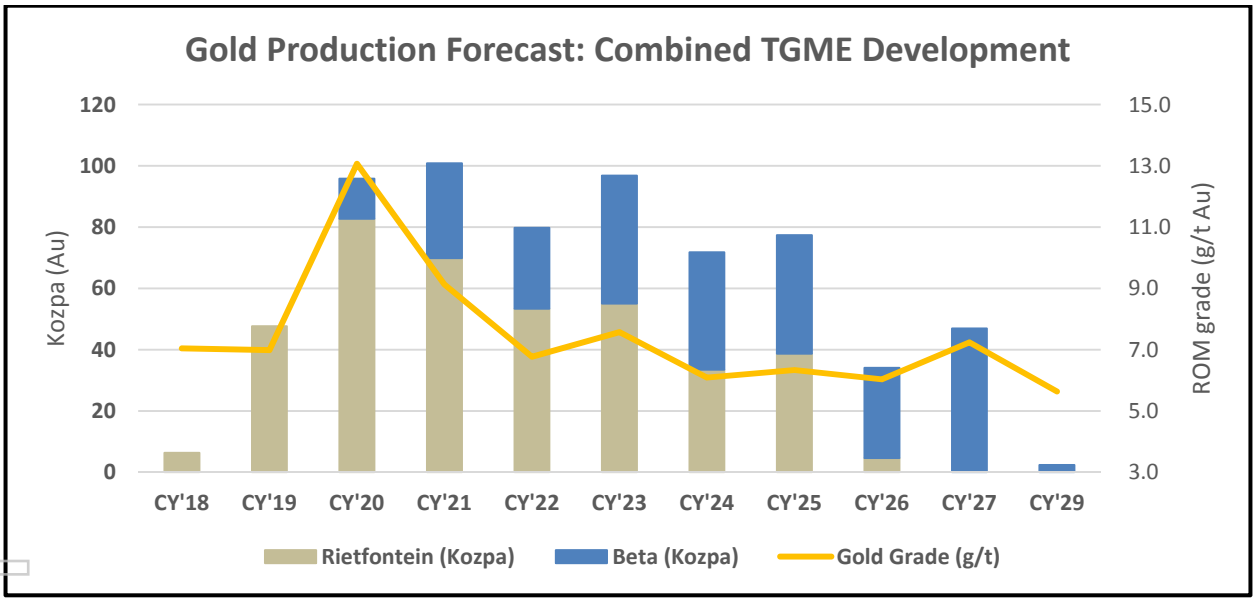


Figure 7) Combined potential production with Beta start delayed

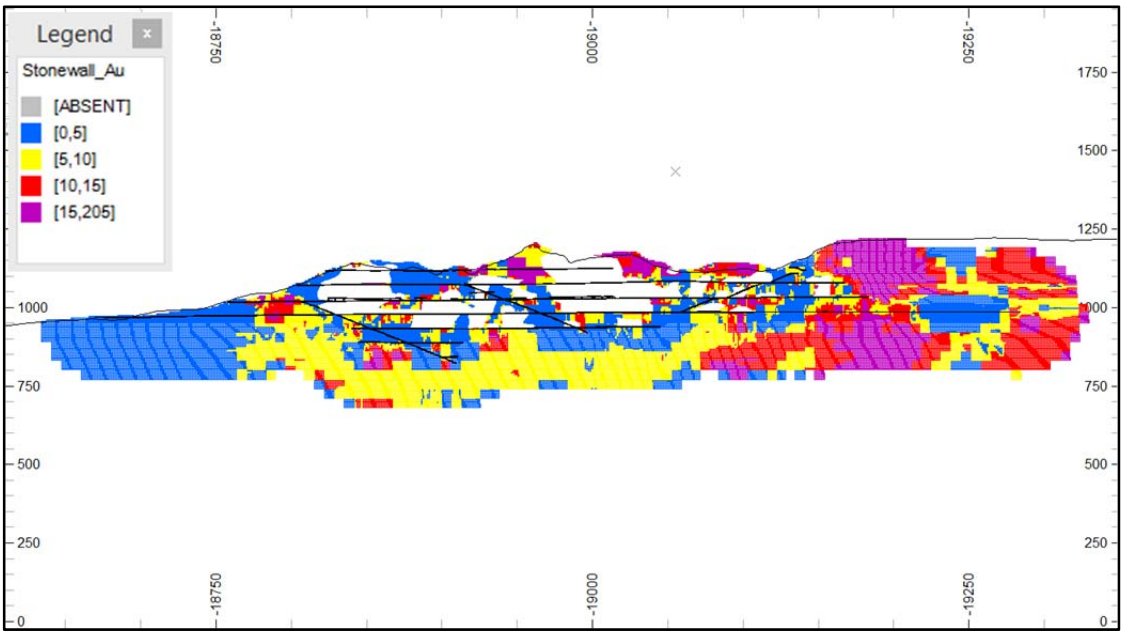


Figure 8) Rietfontein resource vertical projection showing grade of planned stoping widths (Source: Minxcon)

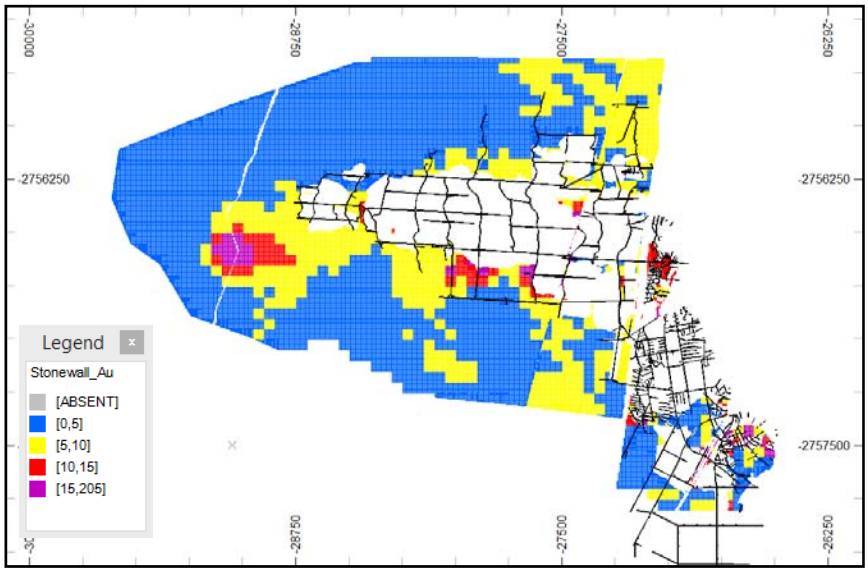


Figure 9) Beta grade model- Plan view showing stoping width grades (Source: Minxcon)

BETA SCOPING STUDY

The Beta mine is situated approximately 2.5km by road from the existing TGME processing plant. The planned mining design at Beta consists of conventional breast mining, with handheld airleg drilling. A scraper is then used to clean the face and transport ore to a centre gully. An ore pass is constructed from the centre gully to the footwall, where trucks are loaded and transported to surface.

Run of mine ore will be trucked 2.5km to the TGME plant. The preliminary production schedule contemplates underground mining of 240ktpa over a period of 9 years (including ramp-up period, refer to Figures 10, 13). This is considered a base-case scenario, with further work on reducing the capital and improving recovery as part of the planned Preliminary Feasibility Study (PFS), which is expected to enhance project economics.

Table 2: Key aspects of the Beta Scoping Study

Parameter	Detail
Mineral Resources	Indicated: 2.15Mt @ 7.0 g/t Au for 481koz Inferred: 2.6Mt @ 6.3 g/t Au for 522koz
Production Schedule (Milled tonnes)	1.87Mt @ 6.15g/t Au for 369koz contained
Mine Life	9 yrs including ramp-up (7 yrs full production)
Processing Rate (design rate)	240ktpa
Recovery (Life of Mine)	79.6% overall recovery (284koz LOM recovered)
Project Capital Cost (peak drawdown)	US$45M
Operating Costs	US$ 97/t operating cost (US$643/oz C1 recovered)

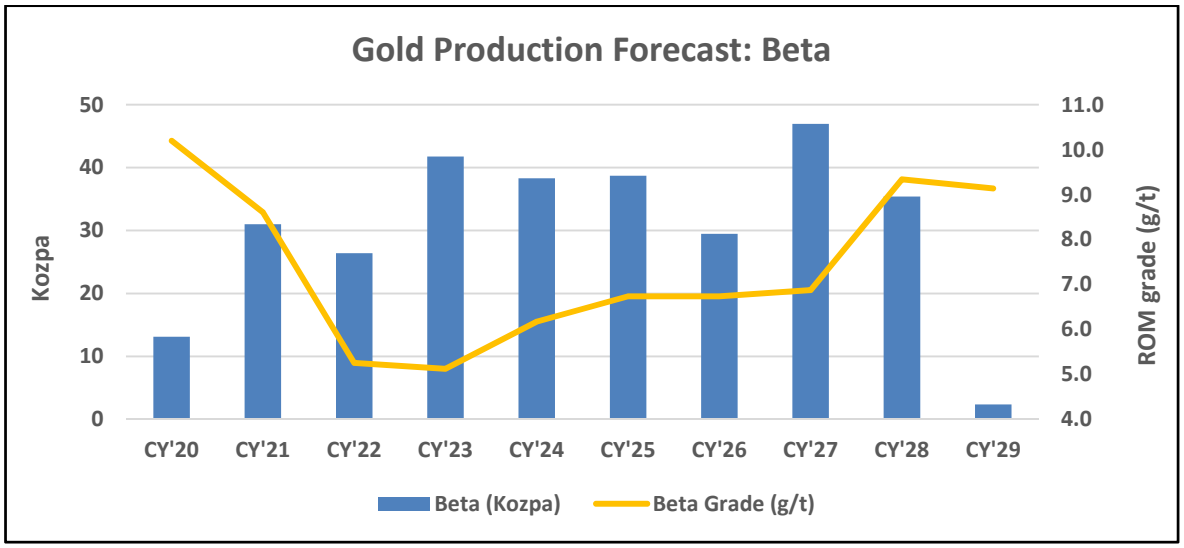


Figure 10) Beta gold production under delayed scenario

Figure 11) Preliminary Beta Mine Schedule (Source: Bara Consulting)

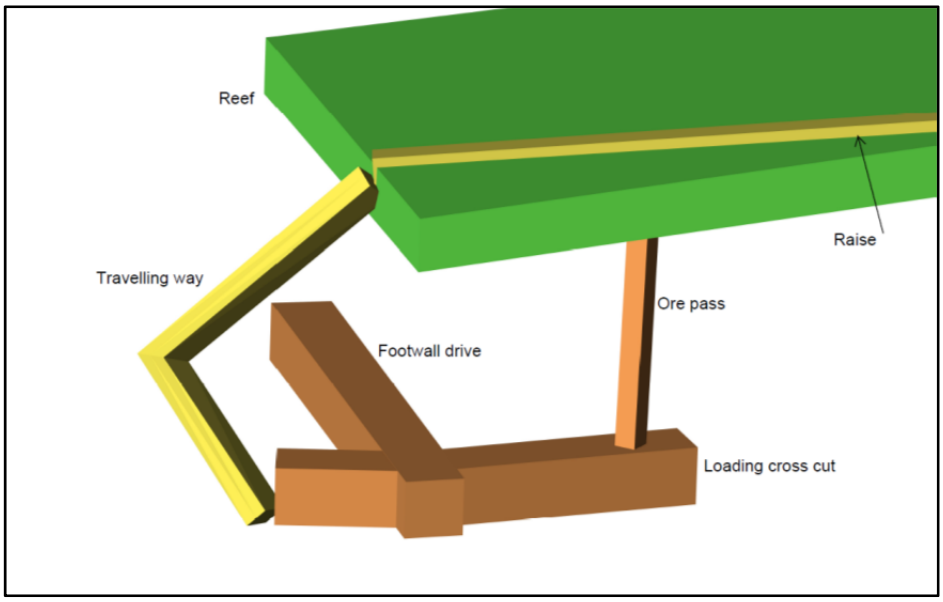


Figure 12) Beta mining method (Source: Bara Consulting)

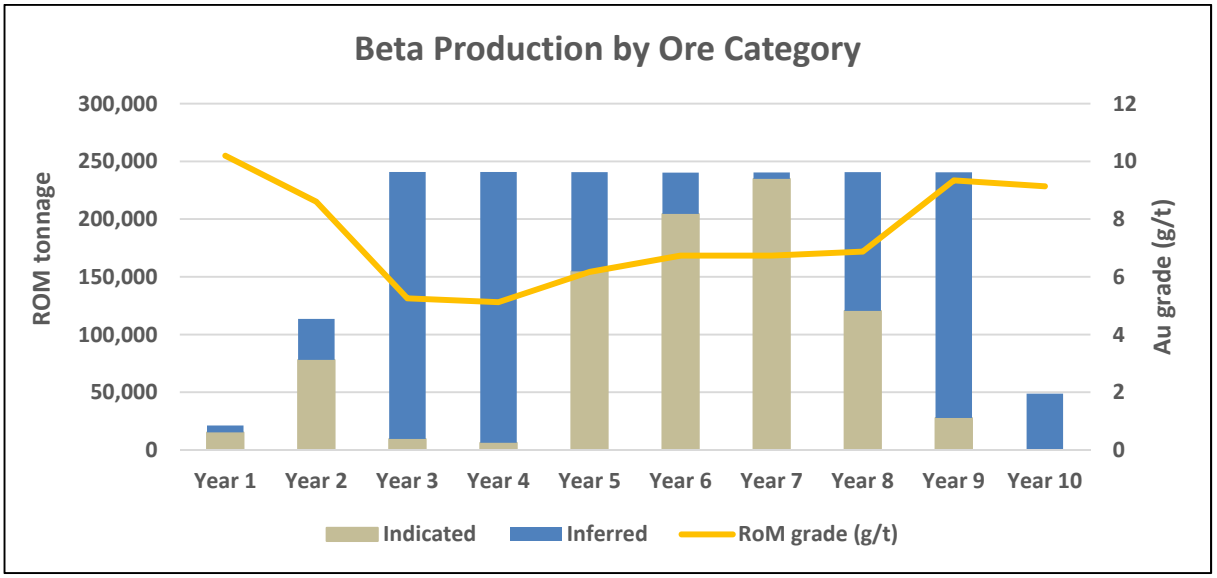


Figure 13) Resource Production Schedule, Beta Mine

Minxcon Consulting recently updated the resource for the Beta mine. The Mineral Resource estimation is compiled in accordance with the JORC (2012) Reporting Code (Table A2, p22).

Processing

The processing of the Rietfontein and Beta ore will be done at the existing TGME processing plant following refurbishment and upgrade. Material will be crushed, milled and floated to produce a high grade concentrate. The concentrate will be partially oxidised through the introduction of oxygen in a high shear mixing environment. The concentrates will then be leached through a high grade CIL plant for the recovery of gold. Flotation tails will be processed through a separate CIL plant for the recovery of gold.

Significant effort will be put into gravity gold recovery, particularly at Rietfontein given the past records indicating a 30% free gold recovery over simple corduroy cloth tables. It is expected that modern gravity gold recovery methods will significantly improve the free gold recovery. Carbon will be processed through an elution plant for the recovery of gold.

A further flotation step will be added up front on the Beta material to remove carbonaceous material before being processed through the sulphide flotation section. Historical operations ran this carbon flotation successfully and improved flotation technologies are expected to further enhance this removal of a potential preg-robbing material (removal of gold in cyanide from the tanks by unwanted material).

A phased construction approach can be readily adopted to the existing TGME plant to accommodate a Rietfontein start with a delayed Beta introduction.

The processing plant was operated as recently as early 2015 during the trial mining of the Pre Mined Residue (PMR) from the Beta mine. This processing included the screening of the material followed by milling, CIL and elution for the recovery of gold.

For the Beta Mine an overall recovery of 79.6% has been applied. This information has been delivered in a summary report by independent Metallurgical Consultant RH Murray (RH Murray; Development of Metallurgical Recovery Data for Beta Scoping Study; 2017). In the report reference is made to previous bottle roll and batch recovery data on the Beta PMR bulk trial mining as well as testwork completed on a Beta flotation concentrate in 2009 as part of BIOX testwork.

As part of the scoping study no metallurgical testwork has been conducted on the Rietfontein and Beta hard rock ores. The recoveries quoted have been derived from the information available. During future development studies testwork will be carried out on representative samples of Rietfontein and Beta ores in order to clearly define the metallurgical performance of the ore. This information can then be used to further refine the process flow diagram for the orebodies and also provide an overall gold recovery number with sufficient confidence for further financial modelling.

Infrastructure

The Rietfontein mine is located immediately to the south of the main tar road between Sabie and Hazyview and some 3.3km west of the town of Sabie. The orebody strikes north-north east and approximately parallel to the main tar road between Sabie and White River and passes underneath the road at a point 5km to the southwest of the town of Sabie (Figure 14).

Underground access to Rietfontein Mine is possible through a number of existing adits however the no.3 adit (1015amsl) is the most suited to access the mine and is in good condition (Figure 15).

Limited infrastructure exists in the vicinity of the adit including:

- Concrete stabilised area around and above the adit entrance to prevent erosion
- Stormwater drainage and water handling arrangements.
- Security shed
- Concrete apron

There is also a previously used tailings dam close to the 3 Level adit, which may be of use in the future should on-site processing be an option.

Rietfontein is 41 km from the TGME plant using existing public roads via the R536 to Sabie and then the R532 and R533 to Pilgrims Rest. A 22kV powerline is located 0.5 km away.

The Beta Mine is situated 1km from the TGME processing site, or 2.5km by dirt road, within the existing mining lease area. The mine has significant development to the mining faces and further development is planned under the orebody to allow the use of trucks. Bulk electricity is available within 0.5 km of the mine and there is unrestricted access to the adit entries.

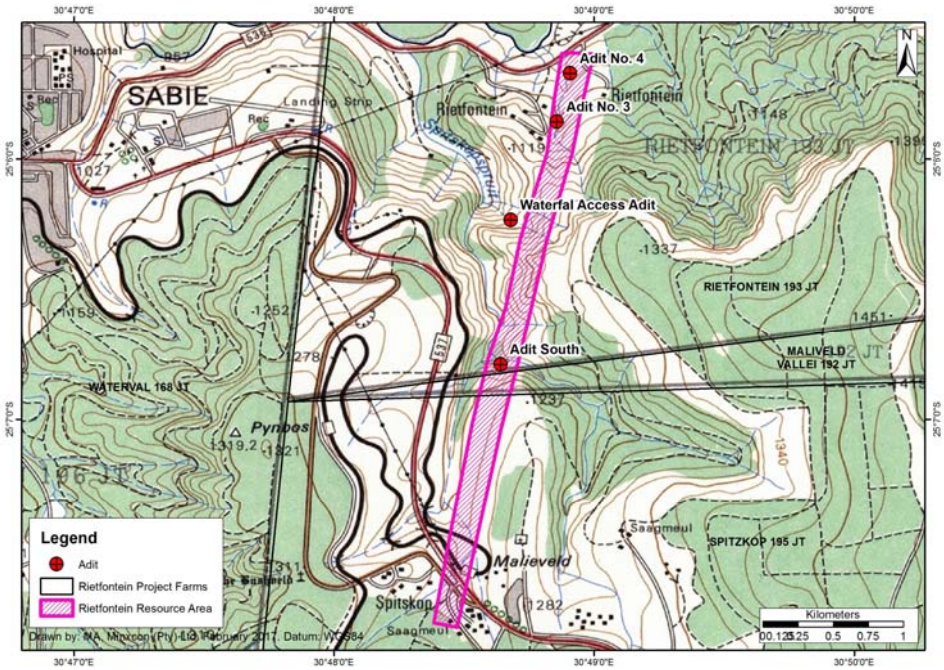


Figure 14) Location image showing orebody projection.

Figure 15) Location of Adit 3 at Rietfontein, refurbished in 2014

Figure 16) Location of Beta Adit, showing 2013 refurbishment underway

The TGME plant has existing infrastructure, including but not limited to:

- Fully permitted TGME processing plant including milling, CIL, Elution, Gold Room and Tailings Facility
- Offices
- Workshops
- Stores
- Grid Power
- Water for processing activities

The permitted tailings facility has a current estimated capacity of 2.2Mt, with further expansion to a capacity of 5 to 10Mt to be evaluated as part of pre-feasibility work (Figure 17).

Figure 17) Aerial shot of TMGE processing plant & tailings storage dam

Environmental and permitting

A new order mining right was issued for Rietfontein in 2006, allows for the mining of this venture and specifically by a Mining Right (358MR) registered with the Department of Mineral Resources (DMR). The mining permit is valid until 2028 with options to extend.

Mining Right 358MR allows for the construction of the surface infrastructure; rehabilitation of the adits; access to the underground workings; disposal of waste rock on the surface and mining of ore.

Power lines suitable for providing the necessary power for infrastructure and mining are nearby and follow the main bitumen road which allows direct access to the site. The Right also allows for the transport of ore along this road to Pilgrims Rest, where the TGME processing plant is situated, 41 km from Rietfontein Mine.

The project also has a Water User Licence which is valid for the duration of the Project. The mining right includes phase two developments in the southern area of Rietfontein; where additional mining infrastructure is planned on surface.

The southern extent of the Beta mine is covered by a mining right and existing water user license. The northern part of Beta is covered by prospecting rights in the process of being converted into mining rights.

Operating Costs

Operating costs for the mining and processing of the Rietfontein and Beta ore have been estimated to scoping levels of accuracy using benchmark costs available to Bara Consulting and Stonewall. The mining operating costs are benchmarked against other similar sized narrow vein gold mines in Southern Africa.

Processing costs were estimated based on Stonewall and Bara's experience with similar gold processing plants.

Technical services, engineering and head office overhead costs were benchmarked from similar sized operations in the Bara database (Table 4).

Table 4) Operation cost summary

OPERATING COST	Beta	Rietfontein	Weighted Average
Mining	29	45	36
Engineering	27	11	20
Surface transport	1	9	5
Technical Services	9	9	9
Processing	20	22	21
Finance and Administration	7	7	7
Head Office Overheads	3	3	3
Total Operating Cost (US$/t)	**97**	**107**	**101**

This amounts to an average (C1) operating cost of US$422 per oz of gold produced for Rietfontein and US$643/oz for Beta, or a combined C1 of US$495/oz (AISC US$624/oz).

Mining modifying factors were estimated based on the nature of the orebody and the mining method applied, as follows:

- Minimum mining width of 90 cm
- Pillar losses of 15%
- Dilution
  - Planned (gullies and development) at 3%
  - Unplanned at 10%
- Mine call Factor (inverse of gold loss) of 90%

Capital Cost

The project capital costs required for the refurbishment and upgrade of the processing plant, mining infrastructure and other mine development at Rietfontein is estimated at US$31.9M (Table 5). Re-opening and development of the underground mine is on the critical path of the project and refurbishment and upgrade of the TGME plant is required to commence in the second half of year 1 and first gold production is expected in the middle of the second year. Note the below costs have a level of contingency built in of at least 15%.

Table 5) Life of Mine Capital Costs

CAPITAL COST	Beta	Rietfontein
Mining – development (up to 18mths from start)	7.4	7.3
Mining equipment	1.1	0.1
Underground infrastructure	3.6	4.4
Surface Infrastructure	5.1	1.9
TGME Plant (inc. contingency)	15.0	17.4
EPCM/owner contingency	1.0	0.8
Project Capital Cost (US$/m)	**33.0**	**31.9**
Development and sustaining Capital (Yr3 onwards)	29.8	47.0
Total Life of Mine (LOM) Capital Cost	**62.8**	**78.9**

Due to the fast tracked project schedule cash flow from gold sales is expected as early as Year 2, reducing the peak funding requirement (maximum drawdown) to US$29M.

Sustaining capital includes underground development and other normal sustaining capital items amounting to an additional US$76.8M, or an average of US$23/t per year during steady state production at both mines (440ktpa processed).

The all-in-sustaining-costs (AISC), which includes operating cost, sustaining capital and royalties is estimated at US$624oz of gold sold for the combined operation, potentially placing the TGME project amongst the lowest quartile of gold mines globally (see below).

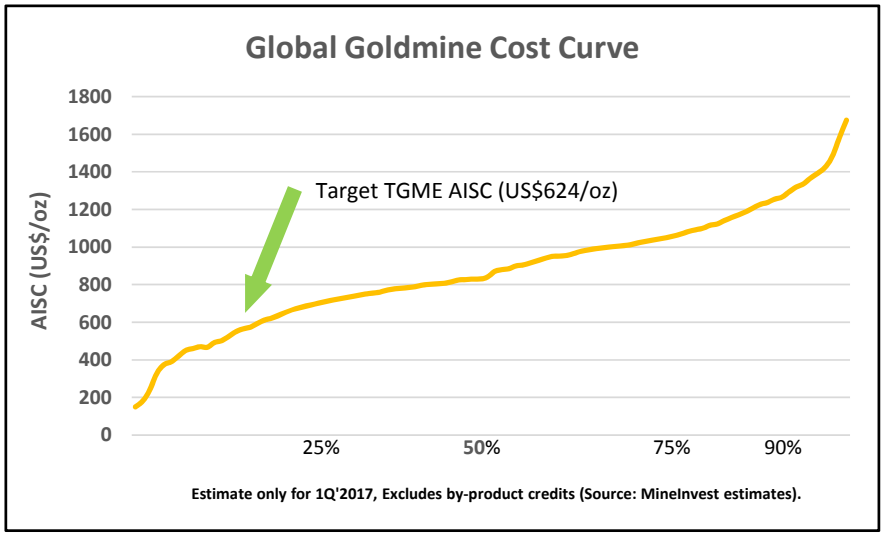


Figure 18) 2017 Global Gold Production Cost curve

Cashflow

Life of mine revenue, before deduction of royalties, is estimated at US$816M, based on a gold price of US$1200 per oz. Life of mine pre-tax net cashflows are estimated at US$306M (US$228M post tax), averaging US$37M per year (based on full 7.5yrs of production). These figures are exclusive of initial capital expenditure (first two years).

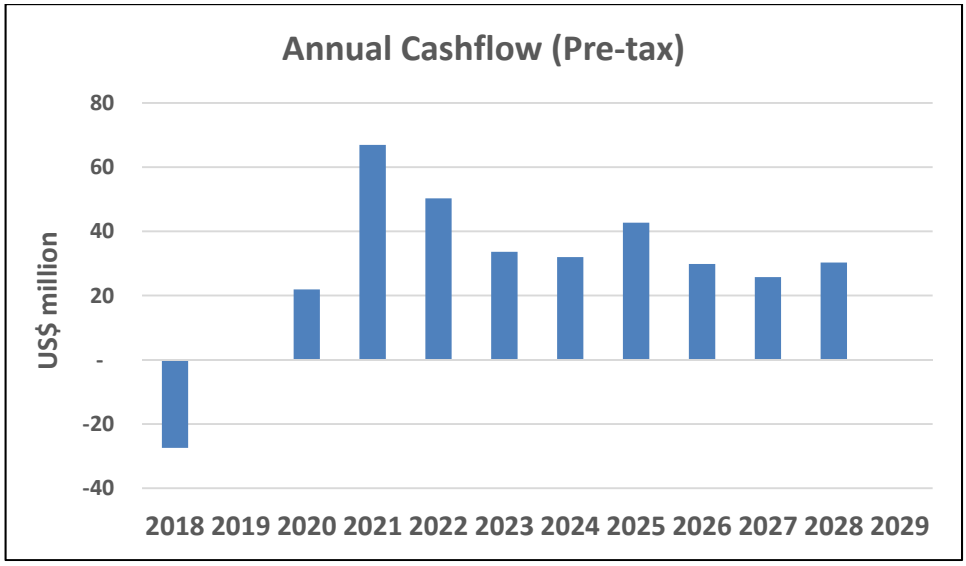


Figure 19) TGME project: Scoping Study Pre-tax Cashflow, Rietfontein development from 2018 and Beta from mid-2019

Price Assumptions

The financial modelling and revenue assumptions are based on a US$ gold price of $1200 per oz. In estimating capital and operating costs a ZAR to US$ exchange rate of R13.50 : US$1.00 was assumed.

NPV & Sensitivity

The combined project pre-tax Net Present Value (NPV), at a nominal 10% discount rate, is US$166M, calculated from a monthly cashflow schedule. Sensitivity to key parameters is shown below.

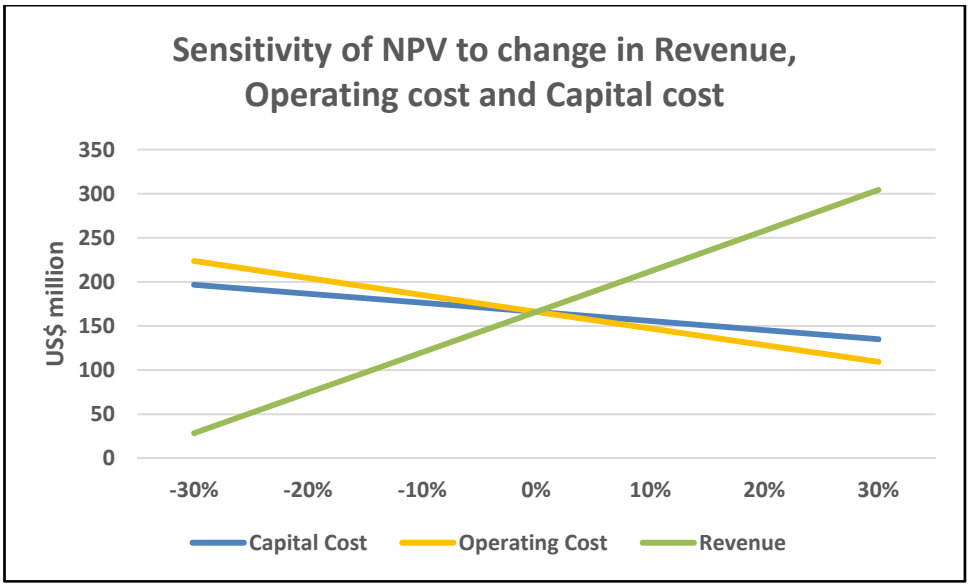


Figure 20) TGME project: NPV Sensitivity (Source: Bara Consulting)

IRR

The Project Internal Rate of Return (IRR) is 81% (pre-tax) or 73% post tax.

Future work

A drilling program designed by the Company's consultant (Minxcon) is planned for the Rietfontein project with a view to increasing the confidence level of resources in the mining inventory through increasing the quantity of indicated resources, as well as to test for strike and depth extensions.

In addition, samples will be taken from the current underground faces with a view to upgrading the current resources at the Rietfontein mine. This resource sampling will generate samples for metallurgical testwork which will allow for further enhancements to the process flow diagram as well as provide input into the geotechnical and groundwater studies.

Group Resources

The total Mineral Resources for the Stonewall Operations (Measured, Indicated and Inferred Mineral Resources) totals some 26.7 Mt at a weighted mean grade of 4.34 g/t for about 115.7 tonnes of gold translating into some 3,720 Koz Au. The summary table is included in Table A3.

MATERIAL ASSUMPTIONS

Material assumptions used in the estimation of the production target and associated financial information are set out in the following table:

Criteria	Commentary
Mineral Resource estimate underpinning the production target	The original reports titled "New High Grade Resource (JORC 2012) at Reitfontein and Significant Resource Upgrade" and "Beta Resource Upgrade" were dated 7 February 2017 and 28 March 2017 respectively and released to Australian Securities Exchange on those dates The production target is approximately 681 koz of recovered gold, at an average targeted production rate of 86 kozpa for a period of five years of full production and peaking at 109 kozpa. Approximately 41% of the total production target is in the Indicated and 59% in the Inferred Resource categories. A cut off of 5 g/t Au has been used in determining the production target at Rietfontein, while at Beta the cut-off applied was 500 cm.g/t.
Site Visits	Site visits were carried out by representatives of the Independent Resource Consultant, mining, engineering and geo-technical consultancy and metallurgical consultancy.
Study Status	The production target and financial information in this release are based on a scoping study. The scoping study referred to in this announcement is based on low-level technical and economic assessments and is insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case at this stage or to provide certainty that the conclusions of the scoping study will be realised.

Mining factors or assumptions	Mining modifying factors were estimated based on the nature of the orebody and the mining method applied, as follows:
	
	Rietfontein
	
	Minimum mining with – 90 cm
	
	• Dilution
	  o Planned (gullies and development) – 3%
	  o Unplanned – 10%
	• Mine call factor (inverse of gold loss) – 90%
	• Pillar losses – 15%
	
	Beta Mine
	
	Minimum mining with – 90 cm
	
	• Dilution
	  o Planned (gullies and development) – 4%
	  o Unplanned – 10%
	• Mine call factor (inverse of gold loss) – 90%

Criteria	Commentary
	• Pillar losses – 10% These are considered appropriate after assessing the nature of the orebody as well as the likely mining methods.
Metallurgical factors or assumptions	For the Rietfontein mine an overall metallurgical recovery of 86%. Free gold recovery of 30% (This is expected to be as high as 50% with current gravity recovery methods). Information is based on a report done in 1938 on the Rietfontein Mine (WP Boxall; The Rietfontein (T.C.L) Mine, Sabie; Journal of the Chemical, Metallurgical and Mining Society of South Africa; Oct 1938). Float recovery of 77% (this is expected to be higher with current flotation technologies). CIL recovery on oxidised flotation concentrate 85% (ARC Fowler; Mining at Transvaal Gold Mining Estates, Limited 1872-1967; February 1968 Journal of the Institute of Mining and Metallurgy). This is expected to be matched given the older roaster technologies and expected inefficiencies during the operations in the 1930's. CIL recovery on flotation tails 65%, estimate based on Fowler report (ARC Fowler; Mining at Transvaal Gold Mining Estates, Limited 1872-1967; February 1968 Journal of the Institute of Mining and Metallurgy). For the Beta Mine an overall recovery of 79.6% has been applied. This information has been delivered in a summary report by independent Metallurgical Consultant RH Murray (RH Murray; Development of Metallurgical Recovery Data for Beta Scoping Study; 2017). In the report reference is made to previous bottle roll and batch recovery data on the Beta PMR bulk trial mining as well as testwork completed on a Beta flotation concentrate in 2009 as part of BIOX testwork. As part of the scoping study no metallurgical testwork has been conducted on the Rietfontein and Beta hard rock ores. The recoveries quoted have been derived from the information available. Testwork will be carried out on representative samples of Rietfontein and Beta ores in order to clearly define the metallurgical performance of the ore as part of the PFS. This information can then be used to further refine the process flow diagram for the orebodies and also provide an overall gold recovery number with sufficient confidence for further financial modelling.
Environmental	Rietfontein is fully permitted for mining and removal of material through road transport including an approved Water User Licence. Beta is awaiting conversion from Prospecting Right to Mining Right for part of the mine. Other approvals are in place.
Infrastructure	An assessment of public infrastructure has been carried out. On mine infrastructure has been scoped according to industry practice and scoping study level capital estimates have been made.
Capital Costs	Capital estimates have been developed using a combination of benchmark projects and consultant databases. Capital costs include: • Cost to establish the underground mine and mining equipment • The cost of refurbishing the processing plant, which includes all infrastructure related to processing the ROM ore and disposing of the tailings. • The cost of mine support infrastructure, including infrastructure required

Criteria	Commentary
	for explosives, electrical power and pumping. • Indirect project costs, such as engineering costs, freight and contingency. The capital costs do not make provision for the following: • Head office costs. • Mine closure and environmental costs. • Social responsibility costs. The costs presented are real costs and are exclusive of escalation.
Operating Costs	The basis of Operating Costs has been defined as the cost of all ongoing mining, processing and operational activities. Operating costs therefore comprise: • The cost of underground mining including ore development and stoping, including the cost of man power, consumables and bulk supply. • The cost of processing the ore to saleable products, including the cost of man power, consumables and bulk supply. • The cost of shared services for the support of the operation, including the cost of on- site labour, infrastructure, camp costs and bulk supply. • The cost of transporting the ore from the mine to the processing facility. Operating costs have been determined through database costs and estimations based on similar operations. The costs presented have a base date of February 2017, are presented in United States Dollars. The operating costs do not make provision for the following: • Head office costs. • Closure and environmental costs. • Off-site costs. • Social responsibility costs. The costs presented are real costs and are exclusive of escalation. The Company believes that on- site operating costs on a C1/oz recovered basis will be within the lower quartile of the industry peer group. The basis for this assumption is the ability to discretely mine high grade ore by selective mining with hand-held drilling methods (shrinkage stoping at Rietfontein and conventional breast mining at Beta). The mining operation is simple, and production rates are relatively small at: Rietfontein – 16,700 tpm Beta – 20,000 tpm
Revenue factors	A gold price of US$1200 per oz has been assumed in the scoping study. The ZAR to US$ exchange assumed is R13.50 to US$1.00.

Schedule and Timeframe	The project development schedule indicates that the Project can be constructed and be ramped-up within two years, with further expansion to accommodate ore from Beta Mine in years two and three. The re-opening of the mine is on the critical path. The major capital expenditure on the refurbishment of the TGME processing plant is required approximately six months to a year later than the start-up capital for the mine re-opening.
Funding	The Company believes that reasonable grounds exist to assume that funding for the Project will be available. The Company believes that the highly robust economics, relative efficient capital intensity and modest project size and approach will facilitate successful fund raising for the project. The ability of the Project to be funded remains a key risk to successful project implementation.
Economic	A discount rate of 10% has been used for financial modelling. This number was selected as a generic cost of capital and considered a prudent and suitable discount rate for project funding and economic forecasts in Africa.
Social	The Company is involved with a number of projects in the local communities. General acceptance of the project is good. No material risks have been identified in this regard.
Other	There are no known naturally occurring material risks to the Rietfontein and Beta Projects.
Classification	• Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). • The classification of the Mineral Resources was completed based on the geological continuity, estimation performance, number of drill samples, drill hole spacing and sample distribution. The Competent Person is satisfied that the result approximately reflects his view of the deposit. Mineral Resource Estimation and Reporting methods are discussed in "Section 3 of Appendix A, JORC Code, 2012 Edition – Table 1 reporting template"
Audit or reviews	The mining and processing and infrastructure components of the scoping study were independently reviewed by Stonewall specialist consultants. No material issues were identified by the reviewers.

Table A1: Rietfontein Mineral Resource Statement as at 20 January 2017 (ASX release dated 7 February, 2017)

Resource Classification	Stope Au	Reef Width	Stope width	Stope	Stope Tonnes	Au Content	
	g/t	cm	cm	cm.gt	Mt	kg	koz
Measured	-	-	-	-	-	-	-
Indicated	10.06	76	111	1,113	0.720	7,247	233
Total Measured and Indicated	**10.06**	**76**	**111**	**1,113**	**0.720**	**7,247**	**233**

Resource Classification	Stope Au	Reef Width	Stope width	Stope	Stope Tonnes	Au Content	
	g/t	cm	cm	cm.gt	Mt	kg	koz
Total Inferred	**11.40**	**108**	**132**	**1,502**	**1.834**	**20,901**	**672**

Notes:

1. *Mineral Resources are reported at resource cut-off of 1.8 g/t (230 cm.g/t).*
2. *33% of the Inferred Mineral Resource occurs below the last known data point.*
3. *Fault losses of 5% for Indicated and 10% for Inferred Mineral Resources have been applied.*

Table A2: Beta Mineral Resource Statement as at 23 March 2017 (ASX release dated 28 March, 2017)

Resource Classification	Au Stoping	Reef Width	Stope width	Stope	Stope Tonnes	Channel Tonnes	Au Content	
	g/t	cm	cm	cmgt	Mt	Mt	Kg	K Oz
Measured	-	-	-	-	-	-	-	-
Indicated	6.96	24	90	529	2.147	0.669	14 950	480.7
Total Measured and Indicated	**6.96**	**24**	**90**	**529**	**2.147**	**0.669**	**14 950**	**480.7**

Resource Classification	Au Stoping	Reef Width	Stope width	Stope	Stope Tonnes	Channel Tonnes	Au Content	
	g/t	cm	cm	cmgt	Mt	Mt	Kg	K Oz
Total Inferred	**6.32**	**26**	**90**	**484**	**2.571**	**0.885**	**16 248**	**522.4**

Notes:

4. *Mineral Resources are reported at resource cut-off of 2.56 g/t (230 cmg/t).*
5. *Depletions have been applied.*
6. *Pillars have been included in the resources.*
7. *30% of the Inferred resource is extrapolated.*
8. *Fault losses of 5% for Indicated and 10% for Inferred Mineral Resources were applied.*
9. *Weighted density of reef and waste is 3.06 t/m^3 (reef = 3.6 and waste = 2.84).*
10. *Numbers might not add up due to rounding.*
11. *cmg/t and g/t figures will not back calculate due to variable densities in reef and waste rock.*

Table A3: Total Mineral Resource Statement of Total Stonewall Operations as at 23 March 2017

Mineral Resource Category	Type of Operation	Tonnage	Gold Grade	Gold Content	
		Mt	g/t	Kg	'000 oz.
Measured	UG*	0.170	4.77	811	26.1
	Surface	0.151	1.59	240	7.7
	Tailings	2.294	0.77	1,770	56.9
Total Measured		**2.615**	**1.08**	**2,821**	**90.7**
Indicated	UG*	3.935	6.70	26,376	848.0
	Surface	3.173	0.88	2,811	90.4
	Tailings	0.012	0.58	7	0.2
Total Indicated		**7.120**	**4.10**	**29,194**	**939**
Inferred	UG*	13.734	5.55	76,253	2,451.7
	Surface	0.801	0.8	642	20.7
	Tailings	2.124	3.06	6,503	209.0
	Rock Dump	0.121	1.59	192	6.2
	Plant Floats	0.041	0.54	22	0.7
	Beta Main	0.109	0.81	88	2.8
Total Inferred		**16.93**	**4.94**	**83,700**	**2,691**
Grand Total		**26.66**	**4.34**	**115,715**	**3,720**

Notes:

1. *All Mineral Resources have an effective date of 30 June 2014, with the exception of the underground (UG*) Mineral Resources which include the updated 20 January 2017 and 23 March 2017 Mineral Resource estimation for Rietfontein Mine and Beta Mine respectively.*
2. *Only the Mineral Resources lying within the legal boundaries are reported.*
3. *1 kg = 32.15076 oz.*
4. *Columns may not add up due to rounding.*
5. *Mineral Resources declared are for the entire project and have not been divided into attributable portions.*