

4 June 2015

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

ASX ANNOUNCEMENT
MARKET UPDATE

The Directors of Stonewall Resources Ltd (**'Stonewall'** or **'Company'**) wish to update shareholders and the market with respect to recent developments relating to:

- Arbitration with Shandong Qixing Iron Tower Co. Ltd (**'Shandong Qixing'**)
- Labour Issues
- Funding

ARBITRATION

Background

On 3 March 2015, Stonewall announced that it had served a notice of arbitration on Shandong Qixing.

With respect to the dispute relating to the repudiation of the Share Sale Agreement by Shandong Qixing dated 22 November 2013, Stonewall advises shareholders that the Hong Kong International Arbitration Centre (**'HKIAC'**) Arbitration Rules and Australian law will govern the arbitration. The seat of arbitration will be Hong Kong and it will be conducted in English.

Shandong Qixing has served an answer to the notice of arbitration, the arbitration tribunal of three members has now been fully constituted and it is expected to make its first procedural direction within the next week.

Funding of the Arbitration Proceedings

Stonewall has entered into a funding arrangement with a consortium of financiers to provide funding for the anticipated legal expenses of the arbitration process. Under the funding arrangement the financiers will be entitled to a success fee of 40 (forty) percent of any damages received by Stonewall after deduction of legal expenses and repayment of the funding. A further 5 (five) percent will be payable to a Beijing consultancy firm who will assist with any additional intervention that may be required to enforce an award through the courts of China.

Half of these funds have been advanced and will be utilized to pay for costs relating to the arbitration proceedings as and when they occur.

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.01
Total free floating shares:	529 million
South African shares:	80 million
Total shares:	609 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

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Shandong Qixing

Stonewall notes that according to an announcement released by Shandong Qixing, the China Securities Regulatory Commission has issued a notice notifying Shandong Qixing of the potential penalties in relation to its failure to disclose material related party information and irregularities in transactions carried out by Shandong Qixing and its executives.

It is further noted that announcements have been made by Shandong Qixing which indicate that the major shareholder (Qixing Group) has agreed to sell a substantial part of its shareholding to another Chinese company.

LABOUR ISSUES

Further to Stonewall's announcement on 20 May 2015 relating to the illegal strike at the TGME Mine operated by Stonewall's subsidiary, Transvaal Gold Mining Estates Pty Ltd, disciplinary hearings conducted by an independent Presiding Officer have now resulted in the dismissal of 192 employees who participated in the illegal activity.

As a consequence, operations were scaled down to protect the plant and ensure a safe shutdown. Limited operations have since re-commenced and training and induction of new contract workers is now substantially complete.

Management will, upon approval of a revised mining plan, commence full-scale operations. The revised mining plan will focus activity towards the significant sources of pre-mined material and stockpiles at surface utilizing mechanized mining methods.

Targeted monthly gold production in the longer term remains unchanged, although production for the months of May and June will be minimal.

FUNDING

Unsecured working Capital Facility

On 29 May 2015, Stonewall entered into a short-term working capital facility of up to AUD 1,000,000 with Hanhong New Energy Holdings Limited.. The facility will enable Stonewall to complete negotiations with a new funder for a significant injection of capital into the business. Stonewall intends to announce details of the new funding package in the near term.

The unsecured working capital facility of AUD 1,000,000 is on terms that would be reasonable if negotiated on an arms length basis, and AUD 200,000.00 has been drawn down.

The facility is repayable upon the earlier of securing the new funding package, a change in control or as otherwise agreed by the parties and will be used for general working capital needs.

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.

In addition to the attractive Pre-Mined Residue project, Stonewall has three key hard rock projects being 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

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On behalf of the board



Peter Hunt
Company Secretary

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