

18 March 2016

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

ASX ANNOUNCEMENT
ARBITRATION UPDATE

Stonewall Resources Limited (ASX: SWJ) (Stonewall and Company) wishes to update the Company's shareholders on the progress of arbitration served on Shandong Qixing Iron Tower Co. Ltd (**Shandong**).

As announced on 3 March 2015, notice of arbitration was served on Shandong Qixing Iron Tower Co. Ltd (深圳 : 002359).

The hearing of the arbitration took place at the Hong Kong International Arbitration Centre (HKIAC) from 11 March to 14 March 2016.

Whilst the directors remain confident of a favorable outcome for the Company, it should be noted that there is no certainty of success or of the amount, if any, which may be awarded to Stonewall as a result of the arbitration process

Following the hearing, each party has until 21 April 2016 to submit their closing submissions, with responses to those submissions due by 5 May. Further responses, limited to the issue of legal costs, are to be made by 12 May.

The claim made by Stonewall will be determined in accordance with Australian law and resolved by arbitration, in English, under the HKIAC rules. An award in favour of Stonewall will therefore be enforceable against Shandong in China by Chinese courts.

This arbitration is to determine Stonewall's claim for damages against Shandong (深圳 : 002359) arising from the termination of the Share Sale Agreement (SSA), which Stonewall announced on 21 November 2014. The claim is for US\$ 118.5 million plus interest and costs.¹

Stonewall entered into a funding agreement with a consortium of funders whereby the consortium is entitled to 45% of the proceeds of a successful claim.

Shandong (深圳 : 002359) has been a listed company since 10 February 2010

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.012
Total shares on Issue:	1.547 billion

DIRECTORS & SENIOR MANAGEMENT

George Jenkins, CEO
Trevor Fourie, Director
Bill Richie Yang, Director
Liu Yang, Director
James Liu, Director
Yihao Zhang, Director
Runxi Zhu, Director

MAJOR SHAREHOLDERS

Tasman Funds Management Pty Ltd
High Gift Investments Ltd
Smart Vision Investment Group Ltd
Khan International Limited
Best Wealth Winner Limited
Blonde Mile International
Buttonwood Nominees Pty Ltd

¹ It should be noted that while the board of Stonewall is confident, there is no certainty of success or of the amount, if any, which may be awarded to Stonewall as a result of the arbitration process

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Following Shandong's (深圳 : 002359) withdrawal from the SSA, Shandong (深圳 : 002359) announced that its controlling shareholder had sold its shares to another large Chinese enterprise.

In addition, Shandong and certain of its executives issued a public apology to their shareholders in relation to regulatory action by the China Securities Regulatory Commission (CSRC) against Shandong (深圳 : 002359)

Shandong (深圳 : 002359) subsequently announced that it was undertaking a large placement relating to a new transaction. The placement would require CSRC approval.

On 27 February 2016, Shandong issued a response to an enquiry from the Shenzhen Stock Exchange regarding the absence from its 2015 Annual Financial Report of disclosure of a contingent liability for Stonewall's claim. In its response, Shandong said that in order to protect Shandong and its shareholders, the controlling shareholder, Jingzhong, had issued a Letter of Undertaking that, should the arbitral tribunal order Shandong to pay damages to Stonewall, Jingzhong shall provide funding support and will pay the damages within 15 days after the arbitral award.²

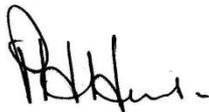
Shandong recently announced that it has transferred ownership of its wholly owned subsidiary, Qingdao Qixing Iron Tower Co., Ltd, to another subsidiary company, Qixing Kaichung Management Co., Ltd for consideration of RMB444,448,800.

For more information please visit: www.stonewallresources.com

For further information please contact:

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On behalf of the board



Peter Hunt
Company Secretary

² Stonewall isn't able to determine whether or not Jingzhong has the financial capacity to perform under its undertaking

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