

23 September 2013

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

ASX ANNOUNCEMENT

SHAREHOLDER UPDATE ON SHANDONG TRANSACTION

Stonewall Resources Limited (ASX:SWJ) (“Stonewall”) is pleased to update shareholders regarding the Conditional Agreement dated 7 May 2013 (“Acquisition”) for the sale of Stonewall’s subsidiary Stonewall Mining Pty Ltd (“Stonewall Mining”) to Shandong Qixing Iron Tower Co. Ltd (“Shandong”).

Stonewall has previously advised the market that Shandong recently raised 2.4 Billion Yuan (approximately USD300,000,000) through a Private Placement to seven (7) specific Shandong shareholders.

Shandong shareholders approved the allotment of shares to the seven (7) investors with Shandong reporting that the funds raised would be used to acquire 100% equity of Stonewall Mining.

Following the ASX announcement of 18 June 2013, the Board of Stonewall now advises shareholders of the following developments in relation to the Acquisition, namely:

- All parties to the transaction are progressing well and in a timely fashion with all aspects of the Acquisition.
- Due diligence is well advanced and is nearing satisfactory completion. As part of this process, a number of Shandong representatives have recently visited Stonewall Mining’s South African operations to undertake extensive on site due diligence.
- Remaining work stream for the Acquisition now largely revolves around the finalising of the formal Acquisition documentation (called “Share Sale Agreement” or “SSA”) and the preparation for regulatory approval in both China and South Africa.
- Regular dialogue continues between Stonewall, Shandong and their respective advisers throughout the process.
 - *No major obstacles have been encountered to date.*
- The likely final structure of the SSA has now been determined following receipt of extensive, multi-jurisdictional professional advice.
 - *The intention is to achieve the highest after tax returns for Stonewall shareholders*

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.155
Total free floating shares:	212 million
Total restricted shares:	260 million
South African shares:	80 million
Total shares:	552 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

For personal use only

- It is the Stonewall's Board's current intention to return the majority of all after tax proceeds of the Acquisition transaction (save for any funds reasonably required for on-going regulatory and compliance purposes) to Stonewall shareholders:
 - *The exact form this will take and timing is yet to be determined and is the subject of ongoing further legal and accounting advice.*
- Key advisors including taxation (Deloitte), legal (Mills Oakley and Norton Rose Fulbright and financial (Helmsec Global Capital) have been formally appointed by Stonewall to guide and advise on the Acquisition transaction which is proceeding towards a timely completion.

In commenting on the proposed transaction, Dave Murray, Chairman of Stonewall Resources Limited, said:

"These recent developments are positive news for Stonewall shareholders".

Shandong's due diligence process is proceeding well as are the legal and taxation matters required to successfully complete the transaction."

"As is often the case with a transaction of this size and significance plus involving multiple jurisdictions, many aspects of the deal need to be carefully considered with input sought from a range of the company's key advisors. This will enable an orderly process to be undertaken towards deal completion. Overall, we are very pleased with the progress of due diligence and all expects the formal sale agreement which we anticipate to be executed according to plan."

"In terms of the Stonewall's business at an operational level, we continue to operate on a "business as usual" basis to ensure that the Company manages its capital prudently whilst pursuing opportunities as they evolve. The key objective of the Company remains the enhancement of shareholder value from our current business.

"At the same time, your Board is hopeful of proceeding with the Transaction in a timely fashion as previously disclosed to the market and the Board will continue to update shareholders as and when appropriate".

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.

For personal use only

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

The near-term objective of the Company's exploration strategy is to identify an additional 330,000 to 3,070,000 ounces of Mineral Resources by end 2013 (see Table 1, Annexure A), including an upgrade of between 399,000 and 665,000 ounces from Inferred to Indicated by end-2013 (see Table 2, Annexure A), 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

ABOUT SHANDONG QIXING IRON TOWER COMPANY LIMITED

Shandong Qixing Iron Tower Company Limited (**Shandong**) (002359.SZ), a listed entity on Shenzhen Stock Exchange since February 10, 2010, is part of the Qixing Group Company Limited (**Qixing**).

Qixing is a large-scale diversified industrial company with 15 operating companies and 7 subsidiaries. The group's revenue exceeded RMB15 billion (USD2.3 billion) in 2012 with 12,000 employees. Qixing has several key segments, Aluminum, Thermo-Electricity (6 power stations with capacity of 1500MW), Iron Tower manufacturing as well as a range of diversified downstream businesses including financial services, mining and tourism.

Qixing conducts business worldwide with products sold throughout China, as well as 24 countries in Central and South East Asia, Europe and Africa. The Company is seeking to increase its international footprint and expand into the resources sector as part of its co-coordinated internationalisation and diversification strategy.

Qixing's headquarters (www.qxtt.cn) and major divisions are located in the National Economic and Technological Development Zone, Zouping Xian, 68 km west of Jinan, 39 km east to Zibo, Shandong Province.

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

ANNEXURE A

Table 1 Conceptual Ounces in the Exploration Targets*

Project	Min. g/t	Max. g/t	Min. Tons (Mt)	Max. Tons (Mt)	Min. Ounces (m)	Max. Ounces (m)
TGME Mines:						
Vaalhoek	1.00	4.00	3.5	10.9	0.12	1.41
Beta	0.95	3.50	3.5	3.5	0.11	0.40
Sable Mines:						
Rietfontein	2.02	6.51	0.5	3.0	0.03	0.63
Glynn's*	1.00	3.00	2.5	6.5	0.08	0.64
Total			10.1	24.1	0.33	3.07

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

Table 2 Beta Potential Ounces Upgrade from Inferred to Indicated*

Area	Project	Min cmg/t	Max. cmg/t	Min. Tonnes (Mt)	Max. Tonnes (Mt)	Min. Ounces (Moz)	Max. Ounces (Moz)
Pilgrim's	Beta	263	438	4.7	4.7	0.399	0.665