

7 July 2016

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

## ASX ANNOUNCEMENT

### SHAREHOLDER UPDATE

**Stonewall Resources Limited (ASX: SWJ) (Stonewall and Company)** wishes to update shareholders on the recent activities of the Company.

#### Update on Arbitration:

As announced on 3 March 2015, notice of arbitration was served on Shandong Qixing Iron Tower Co. Ltd.

The arbitration is to determine Stonewall's claim for damages against Shandong arising from the termination of the Share Sale Agreement (SSA), which Stonewall announced on 21 November 2014. The claim is for USD\$118,500,000 plus interest and costs.

The Company entered into a funding agreement with a consortium of funders who are entitled to 45 percent of a successful award.

The tribunal Hearing took place from 11 to 14 March 2016 and closing submissions were lodged in May 2016. It is anticipated that the tribunal will make an award by September 2016, however, this timing is indicative only.

It should be noted that while the Board of Stonewall is confident, there is no certainty of success or of the amount that may be awarded to Stonewall as a result of the arbitration process.

#### Update on Ao-Zhong Conditional agreement:

The Company previously announced that it had signed a conditional agreement with Ao-Zhong. The Company subsequently initiated discussions with Ao-Zhong to explore alternative funding and timing options, however, these discussions did not go ahead with the Company seeking to replace the Ao-Zhong funding with alternative options. The parties remain on good terms and may revisit the opportunity at some future time.

#### Bridging loan and conversion:

During the Ao-Zhong discussions, the Company availed on bridging finance from an institutional investor for AUD800,000. The Company is pleased to advise that through negotiations with the investor, the bridging loan was subsequently converted to a placement and has issued 72,727,273 shares at a price of AUD\$0.011 per share. The shares will be issued under the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1. The requisite Appendix 3B and notice under section 708A of the Corporations Act 2001 (Cth) will be released subsequent to this announcement.

#### MARKET DATA

ASX code:	SWJ
Current share price:	\$0.011
Total shares on Issue:	1.810 billion

#### DIRECTORS & SENIOR MANAGEMENT

George Jenkins, CEO  
Trevor Fourie, Director  
Stephen Gemell, Director  
Bill Richie Yang, Director  
Liu Yang, Director  
Yihao Zhang, Director  
James Liu, 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

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**Convertible Security:**

On 19 June 2015, the Company entered into an unsecured convertible loan with major shareholder, Tasman Funds Management Pty Ltd (**Tasman**).

The Company is pleased to announce that Tasman offered to extend the maturity date by twelve months to 30 June 2017 and a variation to reflect this has been executed. The note is for AUD1,650,000 and can be exercised at AUD0.09.

Founder and Chief Executive of Tasman said "Tasman will continue to support Stonewall and remains optimistic about the outlook for the Company, particularly in the current gold environment and the Company's plans to recommence production".

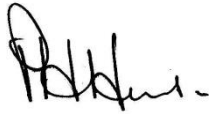
Tasman is currently the largest shareholder in Stonewall holding 322,309,942 shares representing approximately 18.56% of the total shares on issue.

For more information please visit: [www.stonewallresources.com](http://www.stonewallresources.com)

**For further information please contact:**

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On behalf of the board



**Peter Hunt**  
**Company Secretary**

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