

22 November 2013

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

Agreement for Sale of Stonewall Mining Exchanged with Shandong Qixing

STONEWALL ANNOUNCES IT HAS AGREED TO SELL ITS INTEREST IN STONEWALL MINING TO SHANDONG QIXING FOR US\$124.39 MILLION

ASX ANNOUNCEMENT

HIGHLIGHTS

- **Stonewall Resources Ltd (ASX: SWJ) (“Stonewall”)** and the other shareholders (**“Minority Shareholders”**) of Stonewall Mining Proprietary Limited (**“Stonewall Mining”**) have entered into a Share Sale Agreement (**SSA**) with Shandong Qixing Iron Tower Co., Ltd (**“SQIT”**) for the sale of 100% of Stonewall Mining, which is Stonewall’s main undertaking
- Stonewall and the Minority Shareholders are to receive in aggregate US\$141,546,693 all cash consideration on successful completion, with Stonewall’s share being US\$124.39 million
- Cash represents approximately A\$0.27 per Stonewall share on a fully diluted basis
- Proceeds intended to be distributed to Stonewall shareholders after adjustments for repayment of debt, tax, costs and an amount sufficient to maintain Stonewall while it pursues other business opportunities
- Stonewall’s Board of Directors unanimously recommends that all shareholders vote in favour of the sale of Stonewall Mining at the forthcoming shareholder meeting in the absence of a superior proposal
- The SQIT offer is subject to pre-conditions including:
 - *Receiving shareholder approval from both Stonewall and SQIT shareholders;*
 - *Obtaining certain South African and Chinese Regulatory approvals; and*
 - *Importantly, the transaction is **NOT** conditional on any further Due Diligence.*
- The Directors of both Stonewall and SQIT intend to vote in favour of the sale in the absence of a superior proposal
- Investigations are underway by Stonewall to pursue potential new mining resource opportunities post settlement of the sale.

MARKET DATA

ASX code:	SWJ
Current share price:	\$0.13
Total quoted shares:	212 million
Total restricted shares:	260 million
Total shares:	472 million

DIRECTORS & SENIOR MANAGEMENT

David Murray, Chairman
Trevor Fourie, Director
Nathan Taylor, Director
Liu Yang, Director
Andrew Macintosh, Director
Lloyd Birrell, CEO

MAJOR SHAREHOLDERS

Khan International Limited
Salamanca Ventures Limited
Murray SA Investment (Pty) Ltd
Hanhong New Energy Holdings Ltd

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TRANSACTION SUMMARY

Further to the Conditional Agreement between Stonewall and SQIT dated 7 May 2013, Stonewall is pleased to announce that the SSA has now been formally exchanged with SQIT for the sale of 100% of Stonewall's subsidiary and main undertaking, Stonewall Mining.

Essential terms of the SSA are:

- i. Purchase price of US\$141,546,693 cash (**Purchase Price**), Stonewall's share being US\$124.39 million (which equates to approximately A\$0.27 per Stonewall Resources Limited share on a fully diluted basis); plus
- ii. Repayment of loans made by Stonewall to Stonewall Mining; and
- iii. Completion contemplated 19 February 2014, subject to shareholder and Chinese/South African regulatory approvals.

The Key Conditions of the SSA are attached as Annexure A to this ASX announcement.

The settlement of the SSA (ie the acquisition of Stonewall Mining) is subject to conditions precedent including:

- i. approval of the Offer by Stonewall shareholders; and
- ii. obtaining the following approvals in South Africa and China:
 - o the approval, as far as is necessary, of the Competition authorities of South Africa;
 - o consent from the Minister of the South African Department of Mineral Resources to the change of control of Stonewall Mining contemplated by the SSA;
 - o an exemption under the *Companies Act (RSA)* being granted by the Takeovers Regulation Panel in South Africa;
 - o SQIT obtaining all approvals required in order to proceed with a private placement to fund the purchase from the China Securities Regulatory Commission and its shareholders; and
 - o SQIT obtaining approvals from the PRC government which are standard for a transaction of this nature (being the approval of the transaction by the National Development and Reform Commission, the Ministry of Commerce and the State Administration of Foreign Exchange).

Stonewall will seek shareholder approval for the sale of Stonewall Mining. A Notice of Meeting to convene a meeting of Stonewall shareholders to be held in Melbourne (**EGM**) will be issued shortly. It is expected that the shareholder vote on the sale will occur in late December 2013.

Stonewall's Directors advise that they have carefully evaluated the SQIT transaction and believe it to be in the best interests of all Stonewall shareholders. The significant cash offer for its subsidiary, Stonewall Mining, provides certainty of return for Stonewall shareholders in a time of a challenging resources market and volatile gold prices. The Stonewall Directors unanimously recommend that shareholders approve the SSA in the absence of a superior offer and they advise that they (and their related entities) will each be voting in favour of the sale of Stonewall Mining to SQIT in the absence of a superior proposal.

Shandong Qixing Iron Tower Co., Ltd (002359.SZ), a listed entity on Shenzhen Stock Exchange since, is part of the Qixing Group Company Limited (**Qixing Group**). Qixing Group is a privately owned large-scale diversified industrial company. The group's revenue exceeded RMB15 billion (US\$2.3 billion) in 2012.

DISTRIBUTION OF PROCEEDS

The purchase price payable to the Company for its shares in Stonewall Mining is US\$124.39 million.

The total purchase price payable by Qixing to all of the shareholders in Stonewall Mining (including the Company) is US\$141,546,693 (Purchase Price).

The Company intends to pay to Shareholders the Distribution from its share of the Purchase Price. The estimated Distribution is as follows:

	\$ (AUD)*
Purchase Price payable to Company	132,430,000
Less: Estimated Tax liability	(10,960,000)
Less: Estimated external costs incurred by the Company in relation to the sale	(400,000)
Less: Estimated amount reasonably required to maintain the Company whilst it pursues other business opportunities	(1,000,000)
Estimated Total Distribution	120,070,000
Estimated Total Distribution per Stonewall Share	0.25
Estimated Dividend per Stonewall Share	0.10
Estimated Capital Reduction per Stonewall Share	0.15

* The USD/AUD exchange rate applied to convert the Purchase Price to AUD for the purposes of this indicative table is USD:1.06467 AUD.

The precise and final amount of the Distribution by the Company cannot presently be determined due to reasons including, without limitation:

- a) Purchase Price to be received by the Company will be paid in USD. The prevailing USD/AUD exchange rate at the time of Completion is unable to be determined by the Company;
- b) the precise amount(s) of any taxation liability is yet to be determined;
- c) the precise amount of the external costs which will be incurred by the Company in relation to the Disposal and the transaction in general cannot yet be finally determined;
- d) the amount reasonably required to maintain the Company while it pursues new business opportunities has not yet been finally determined; and
- e) the number of Shares that will be on issue at the Record Date (which may change as a result of options being exercised).

The proportion of the Purchase Price that will be received by the Minority Sellers in Stonewall Mining is based on the proportion of the shares in the Company that the Minority Sellers would have received if the Company had exercised its option to acquire their shares in Stonewall Mining under the Put and Call Option Agreement.

Stonewall proposes to make the Distribution as soon as possible after completion of the SQIT transaction.

POST COMPLETION

Following the completion of the sale of Stonewall Mining and repayment of loans, Stonewall will have sold its main undertaking and its cash position (after the Distribution) is expected to be approximately \$6.2 million. Stonewall intends to remain as an ASX listed entity. Once the sale proceeds have been distributed, the Company will remain sufficiently well capitalised to allow it to pursue new projects some of which have already been identified for further investigation.

In the event the Board believes there are no material opportunities present following the completion of the transaction, the remaining funds in Stonewall may be returned shareholders in a second and final distribution.

INDICATIVE TIMETABLE

Subject to the timely receipt of necessary approvals as outlined above, Stonewall expects the transaction to be completed in February 2014. The indicative timetable (subject to change) for implementation of the Offer is set out below:

DATE	ITEM	
	EGM Notice dispatched to Stonewall Shareholders	22 November 2013
	Stonewall EGM to approve SSA	23 December 2013
	SQIT shareholder approval	23 December 2013
	South African regulatory approvals	Mid- January 2014
	Chinese regulatory approvals	Mid February 2014
	Completion	19 February 2014
	Cash Distribution to Stonewall Shareholders	as soon as reasonably practicable after Completion

QIXING FUNDING ANNOUNCEMENT

To fund its acquisition of Stonewall Mining, SQIT has already announced, on 5 May 2013 that it has received commitments for CNY2,412,800,000 (~USD390 million) through a Private Placement, which is subject to CSRC approval, to seven specific shareholders. SQIT announced the funds will be used to acquire South African gold mining projects as well as to provide expansion and working capital funding related to the acquisitions. SQIT requires approval of the China Securities Regulatory Commission in order to proceed with the placement, after which it will require shareholder approval. It is anticipated that SQIT will hold its shareholder meeting to approve the placement on the same day as the Stonewall EGM, 23 December 2013.

ADVISERS

Stonewall's financial adviser on the transaction is Helmsec Global Capital Limited, its legal advisers are Norton Rose Fulbright and Mills Oakley and taxation advisor is Deloitte.

SQIT is being advised by Guotai Junan Securities Co Ltd.

In commenting on the signing of SSA, Chairman of Stonewall Resources Limited, David Murray said:

“The signing reflects a great achievement for all parties. Our friends at SQIT have worked assiduously to complete their due diligence in a timely manner. With the formal documentation now agreed, both sides look forward to completing the transaction.

“The Stonewall Mining management continues to focus on ensuring the operations in South Africa are running according to plan and meeting the production milestones.

“The Offer is the culmination of Stonewall’s announced process of 7 May 2013 and delivers significant benefit to both companies and allows shareholders to receive significant value premium to recent trading levels and the certainty of a cash transaction.

“Stonewall and SQIT have recognised that the Offer is subject to a range of regulatory and shareholder approvals in Australian and China and, fully respecting those processes, both companies will work constructively with authorities to ensure that these are secured.”

ABOUT SHANDONG QIXING IRON TOWER CO., LTD

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

Qixing Group is a privately owned large-scale diversified industrial company with 15 operating companies and 7 subsidiaries. The group’s revenue exceeded RMB15 billion (US\$2.3 billion) in 2012 with 12,000 employees. Qixing Group has several key segments, aluminium, 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 Group conducts business worldwide with products sold throughout China, as well as 24 countries in Central and South East Asia, Europe and Africa. Qixing Group is seeking to increase its international footprint and expand into the resources sector as part of its co-coordinated internationalisation and diversification strategy.

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

ABOUT STONEWALL RESOURCES LIMITED:

Stonewall Resources Limited (ASX: SWJ) is a gold mining company making the transition from explorer to producer. Stonewall holds, in its subsidiary Stonewall Mining, 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. With significant infrastructure already in place, Stonewall is uniquely positioned to make the transition to producer through highly efficient utilization of capital and within short lead times.

Stonewall Mining’s 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. Stonewall also has the Lucky Draw Project, located in Australia, near the township of Burruga in New South Wales.

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Stonewall's exploration program is designed to identify additional potential mineral resources to establish long-term mining plans. Stonewall is currently processing gold from tailings dumps located within its TGME and Bosveld Projects, as well as the underground mining complex of Theta/Frankfurt from which it is earning revenue. Stonewall aims to introduce two additional near term production targets during 2013.

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

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ANNEXURE A

KEY CONDITIONS OF SHARE SALE AGREEMENT

- Stonewall, along with the Minority Shareholders, will sell 100% of the shares in Stonewall Mining to SQIT.
- The purchase price payable by SQIT is RMB867,752,000 convertible into USD141,546,693.
- Completion of the sale is subject to the following conditions precedent:
 - Stonewall obtaining shareholder approval for the transaction for the purposes of Chapter 11 of the ASX Listing Rules;
 - the approval, as far as is necessary, of the Competition authorities of South Africa;
 - consent from the Minister of the South African Department of Mineral Resources to the change of control of Stonewall Mining contemplated by the SSA;
 - an exemption under the *Companies Act* (RSA) being granted by the Takeovers Regulation Panel in South Africa;
 - SQIT having passed all necessary resolutions of its members approving the undertaking of a private placement of shares in SQIT for the purposes of raising sufficient funds to satisfy SQIT's payment obligations under the SSA (**Private Placement**);
 - SQIT obtaining all approvals required in order to proceed with the Private Placement from the China Securities Regulatory Commission; and
 - SQIT obtaining approvals from the PRC government which are standard for a transaction of this nature (being the approval of the transaction by the National Development and Reform Commission, the Ministry of Commerce and the State Administration of Foreign Exchange).
- Completion is anticipated to occur, subject to satisfaction or (where possible) waiver of the conditions precedent, on 19 February 2014.
- Approximately a week prior to the date of completion, SQIT will pay the purchase price into an escrow account which will be managed by Norton Rose Fulbright Australia as escrow agent. The purchase price will be released to Stonewall and the Minority Shareholders on the completion date.
- SQIT will ensure that Stonewall Mining repays all shareholder loans provided to it by Stonewall within 3 months of completion.