

25 October 2016

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

ASX ANNOUNCEMENT

STONEWALL TO ENFORCE AWARD THROUGH CHINESE COURTS

Highlights:

- **Shandong confirms award and support from its controlling shareholder Longyue Investments**
- **Leading Beijing based law firm engaged by Stonewall**
- **Stonewall positioned to enforce the Award through the Chinese Courts.**

Stonewall Resources Ltd (**ASX: SWJ**) ("**Stonewall**") is pleased to advise that on 10 October 2016, Shandong Qixing Iron Tower Co. Ltd. ("**Shandong**") released a further statement on the Shenzhen Stock Exchange to update its shareholders on the details of the award by the Hong Kong International Arbitration Centre ("**HKIAC**") relating to the termination of the Share Sale Agreement between Stonewall, Shandong and others announced on 21 November 2014.

In its statement, Shandong twice repeated that the Award is final. Shandong also updated the market on the impact of the Award on the profitability of Shandong. Further, Shandong once again confirmed the arrangement between Shandong and its controlling shareholder, Longyue Investments, whereby Longyue Investments will pay for all losses to Shandong caused by the Award.

Shandong announced to the Shenzhen Stock Exchange on 8 September 2016 that it had requested the Tribunal to make a minor correction to wording in its reasons for the award. The Tribunal rejected that request on 14 September 2016.

On 19 September 2016, the Respondent made a second application for correction of various typographical errors in the Reasons for Award.

Stonewall agreed to these corrections and on 24 September 2016 the Tribunal delivered a corrected version of the Reasons for Award and advised that the corrected version may be substituted for the original Reasons for Award, which accompanied the Tribunal's Formal Award.

On 6 October 2016, the HKIAC advised that it would deliver an original copy of the "Final Award" to each party. Stonewall's solicitors received the Award, with corrected Reasons for Award, on 10 October 2016.

Stonewall notes that it is unaware of there being any further impediment to Shandong complying with the award, or to Shandong's controlling shareholder, Longyue Investments, meeting its undertaking to pay to, or on behalf of Shandong, the funds required to fulfill the arbitral award, as stated in Shandong's announcement to the Shenzhen Stock Exchange on 8 September 2016.

The Arbitral Tribunal's final award directed as follows:

- Shandong is to pay Stonewall US\$12.6 million; plus
- Interest on that amount at 8%, compounded quarterly, commencing 1 January 2015 until paid (US\$1,940,056.89 as at 21 October 2016); plus
- Shandong is to pay Stonewall's legal costs of A\$1,498,678; plus
- Shandong is to bear 100% of the Tribunal's costs of HK\$1,899,765.25; plus
- Shandong to bear 100% of the HKIAC's administration costs of HK\$407,961.99

To date, Shandong has not yet complied with the award, nor has Shandong's controlling shareholder, Longyue Investments, met its undertaking either to pay to Stonewall, on behalf of Shandong, the funds required to fulfill the arbitral award or, as far as Stonewall is aware, to pay those funds to Shandong, as stated in Shandong's announcements to the Shenzhen Stock Exchange on 8 September 2016 and 10 October 2016.

Further, Shandong has failed to respond to written demands for payment made by Stonewall and its solicitors.

Accordingly, Stonewall is taking the necessary steps for legal proceedings to enforce the Award through the Chinese Courts. The enforcement proceedings are well advanced through our Chinese lawyers.

Stonewall Chairman, Trevor Fourie said; *"It is pleasing to note Shandong's confirmation that the Award is final and the confirmation of the support of its controlling shareholder, Longyue Investments. However Shandong's failure to respond to our letters and Longyue Investments failure to meet its undertaking to fulfill the Award within 15 days of receiving the Award, has left Stonewall with no other course of action but to exercise our rights to enforce the Award through the Chinese Courts"*.

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.

SWJ's core projects are TGME, located next to the historical gold mining town of Pilgrims Rest, and Sabie Mines, located in the Sabie are, both in Mpumalanga Province, some 370km east of Johannesburg by road or 95km north of Nelspruit (Capital City of Mpumalanga Province).

Following small scale production from 2012 – 2015, the company is currently focussing on the refurbishment of the existing CIL plant and Elution Circuit and to re-commence production through its Pre-Mined Residue ("PMR"). The Company aims to build a solid production platform from which it can launch further planning to expand the production profile.

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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