

7 May 2013

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

CONDITIONAL AGREEMENT FOR SALE OF STONEWALL MINING PTY LTD TO SHANDONG QIXING IRON TOWER CO. LTD.

ASX ANNOUNCEMENT

Stonewall Resources Limited (“Stonewall”) (ASX:SWJ) has entered into a conditional agreement with Shandong Qixing Iron Tower Co. Ltd (“Shandong”) (002359.SZ) regarding the potential sale of Stonewall Mining Pty Ltd, a subsidiary of Stonewall, to Shandong.

The conditional agreement is the result of comprehensive and detailed discussions between Stonewall and Shandong to allow Shandong to undertake due diligence as a precursor to the potential sale of Stonewall Mining to Shandong.

The conditional agreement also provides that the transaction is subject to Stonewall obtaining all necessary regulatory and shareholder approvals required for the transaction to proceed.

The conditional agreement provides that Shandong is prepared to pay an indicative price of US\$140 million or above for Stonewall Mining. The final pricing will be subject to a number of matters including the completion of valuation scenarios, due diligence investigations and the approval of the Stonewall Board.

In commenting on the conditional agreement, Lloyd Birrell, CEO of Stonewall Resources Limited, said:

“I am delighted that our company has received an offer, which recognises the real value in Stonewall Resources, especially considering that Stonewall has only been listed for less than six months. Whilst Stonewall has only been listed for a short time, this is a positive indication that there is interest in the company in both Australia and Asia and a clear indication that as Stonewall transitions from explorer to producer, it is being closely monitored. Shandong has recognised the companies underlying value and potential. “

The conditional agreement is of a preliminary nature and remains subject to a number of terms & conditions and necessary approvals.

In particular, the agreement provides that the transaction will only proceed if:

- The Board of Directors of Stonewall have considered and approved Shandong’s final offer to acquire Stonewall Mining
- Shandong has satisfactorily conducted due diligence on Stonewall Mining
- Stonewall has obtained an independent experts report stating that Shandong’s offer is fair and reasonable

- No superior proposal has been made in respect of Stonewall or Stonewall Mining; and
- Stonewall and Stonewall Mining have obtained tax advice in relation to the proposed transaction which opines that the proposed transaction creates no material adverse tax consequences for Stonewall, the Stonewall Mining or Stonewall's shareholders.

In commenting on the conditional agreement, Dave Murray, Chairman, of Stonewall Resources, said:

"It is pleasing to present our shareholders with an offer that recognises the value in Stonewall. Our relationship with cornerstone investor Hanhong has proved to be extremely beneficial, particularly in marketing the business in China and managing the discussions and negotiations with Shandong. It makes a huge difference to have our own people on the ground in China who are in a position to provide information first hand. Shandong has significant resources and we are confident that they are able to complete the transaction. They have pursued this opportunity professionally and with a great deal of vigour."

Stonewall will pursue negotiations with Shandong as contemplated by the conditional agreement. Shareholders should be aware, however, that the proposed transaction is subject to due diligence as well a number of significant conditions (including the successful completion of full documentation) so therefore there is still a chance that the transaction may not proceed.

Stonewall intends to keep shareholders fully informed of all developments in the negotiations with Shandong as they progress. In the meantime, Stonewall will also continue progressing its extensive program of production and exploration projects as a key priority.

ABOUT STONEWALL RESOURCES LIMITED

Stonewall Resources Limited (ASX: SWJ) is a gold mining company making the transition from explorer to producer. The Company 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. 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'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.

The Company'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.

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 (\$2.3 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.

The Company'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.

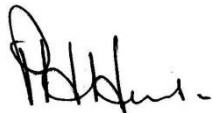
For more information please visit: www.stonewallresources.com

For further information please contact:

Trevor Fourie, Director
Stonewall Resources Limited
E: trevor@stonewallmining.com.au

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

Competent Persons Statement

The information in this Presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Charles Muller, who is a Member or Fellow of the South African Council for Natural Scientific Professions, which is a Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the ASX from time to time. Charles Muller is employed by Minxcon and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Charles Muller consents to the inclusion in this Presentation of the matters based on his information in the form and context in which it appears.

Forward looking statements

Statements in this announcement regarding the Company's plans with respect to its mineral properties are or may be forward-looking statements. There can be no assurance that the plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to convert Inferred resources to Indicated resources or Indicated resources to Measured resources, that any mineralisation will prove to be economic, or that a mine will successfully be developed at any of the Company's mineral properties. The potential quantity and grade of exploration targets is conceptual in nature at this stage as there has been insufficient exploration to define a Mineral Resource quantity under the JORC code. Further, it is uncertain if future exploration will result in the determination of a Mineral Resource.