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News Release

Selwyn Resources Announces Agreement to Sell Remaining Interest in Selwyn Project Joint Venture for \$50 Million

Vancouver, BC, March 4, 2013 – Selwyn Resources Ltd. (SWN.TSX-V) (“Selwyn” or the “Company”) announces that it has entered into an asset and share purchase agreement (the “Purchase Agreement”) with Chihong Canada Mining Ltd. (“Chihong Canada”) and Selwyn Chihong Mining Ltd. (“SCML”) to sell the Company’s remaining 50% joint venture interest in the Selwyn zinc and lead project located in the Yukon Territory (the “Joint Venture”) for \$50 million in cash.

Dr. Harlan Meade, President and Chief Executive Officer of Selwyn, stated: “The decision to sell Selwyn’s 50% joint venture interest in the Selwyn Project reflects the realization of the large capital requirements that will be needed to advance the Selwyn Project to production and the associated risks to Selwyn shareholders, including but not limited to, the potential for significant dilution of shareholders’ equity in the Selwyn Project. At a time of reduced industry interest in undeveloped mineral deposits, Selwyn is satisfied that the timing of this transaction and the purchase price negotiated are in the best interests of the shareholders.”

TERMS OF THE PURCHASE AGREEMENT

The Joint Venture was established pursuant to a joint venture agreement (the “JV Agreement”) dated June 2, 2010 between Selwyn, Chihong Canada and SCML, the operator of the Joint Venture. Under the terms of the Purchase Agreement, Selwyn has agreed to sell to Chihong Canada (the “Transaction”) all of its interest in the Joint Venture, including the shares of SCML that it owns. After completion of the Transaction, the Company will have no further interest in the Selwyn Project, and the JV Agreement will be terminated.

Completion of the Transaction is subject to certain conditions, including Selwyn shareholder approval, approval of the board of directors of Yunnan Chihong Zinc & Germanium Co., Ltd. (parent company of Chihong Canada) and certain Chinese governmental approvals. Chihong Canada has entered into support and voting agreements with certain significant shareholders of Selwyn. Such shareholders hold, in aggregate, approximately 41% of Selwyn’s outstanding common shares.

The terms and conditions of the Transaction will be disclosed in an information circular that is expected to be mailed in late March 2013 to the shareholders of Selwyn. If all conditions to closing are satisfied, including the receipt of Selwyn shareholder approval and the necessary regulatory approvals, it is anticipated that the Transaction will be completed by early June 2013.

Purchase Price Deposit

Chihong Canada has provided a cash deposit of \$5 million as an advance of the purchase price. A second deposit of \$5 million will be paid on or about April 9, 2013, provided Selwyn is not in default of any of its obligations and covenants required to be performed under the Purchase Agreement. Chihong Canada will pay the remaining amount of the purchase price at closing of the Transaction.

If the Transaction does not close, the deposits must be refunded to Chihong Canada, except where the failure to close the Transaction is the result of the failure of Chihong Canada to (i) comply with the terms of the Purchase Agreement, or (ii) obtain its necessary parent and Chinese governmental approvals for the Transaction. The refund of the deposits, if necessary and if not promptly paid in cash, will be carried out by Chihong Canada converting the outstanding deposit amount into a corresponding increase in its interest in the Joint Venture. If the entire \$10 million of deposit funds are converted, Chihong Canada’s interest in the Joint Venture would increase to 60%, and Selwyn’s interest would decrease to 40%.

Conditions to Closing

The completion of the Transaction is subject to certain conditions, including the following:

- the approval of the Transaction by at least 66 2/3% of the votes cast by Selwyn shareholders at an annual and special meeting of shareholders expected to be held in late April 2013;
- approval of the board of directors of Yunnan Chihong Zinc & Germanium Co., Ltd. (parent company of Chihong Canada) and certain Chinese governmental approvals;
- holders of no more than 10% of the issued and outstanding Selwyn common shares having exercised dissent rights in respect of the Transaction;
- approval of the TSX Venture Exchange; and
- the fulfillment or waiver of certain customary closing conditions set out in the Purchase Agreement.

Covenants, Representations and Warranties and Indemnities

Each of Selwyn and Chihong Canada has agreed in the Purchase Agreement to certain customary covenants relating to its conduct with respect to obtaining the approval of requisite regulatory authorities and the shareholders of Selwyn. Under the Purchase Agreement, Selwyn has agreed not to solicit alternative proposals, and Chihong Canada has 10 business days to match any alternative proposals that constitute a “Superior Proposal” under the terms of the Purchase Agreement. Chihong Canada is also entitled to a \$2.5 million termination payment in the event that Selwyn accepts a Superior Proposal, makes a “change in recommendation” with respect to the Transaction, breaches a representation or warranty or commits a breach of the Purchase Agreement. Any Superior Proposal must provide for the repayment to Chihong Canada of the deposit funds and the payment to Chihong Canada of the termination payment payable under the Purchase Agreement.

The Purchase Agreement also contains limited representations and warranties relating to the Company, the Company’s Joint Venture interest and Chihong Canada. For a period of 12 months after completion of the Transaction, Selwyn has agreed to indemnify Chihong Canada against all losses suffered by Chihong Canada due to any warranties or representations made by Selwyn under the Purchase Agreement being untrue or due to a breach by Selwyn of any term, agreement or covenant in the Purchase Agreement.

USE OF PROCEEDS

The net proceeds from the sale of Selwyn’s interest in the Joint Venture, after repayment of the Waterton Facility, will be used toward restarting the ScoZinc Mine and general corporate purposes. The restart of the ScoZinc Mine is an important near term strategic objective in advancing Selwyn to becoming a producing company. The completion of project financing and the achieving of production at the ScoZinc Mine will fulfill Selwyn’s longer term objective of becoming a producing mining company over the intermediate term. The sale of Selwyn’s interest in the Selwyn Project is seen as the reasonable best alternative for achieving this goal and addressing current obligations to creditors.

LIQUIDITY AND CAPITAL RESOURCES

In April 2012 the Company entered into a \$10 million debt facility (the “Waterton Facility”) with Waterton Global Value, L.P. (“Waterton”), and the Company has drawn down the full \$10 million available under the Waterton Facility. After making the second \$1.5 million principal repayment to Waterton on January 2, 2013, the Company has been taking steps to preserve a level of cash flow sufficient to maintain current operations. As previously disclosed, without securing additional financing, the Company would not have sufficient working capital to fund operations.

In late December 2012 and early January 2013, the Company had negotiated a term sheet with a potential lender for a bridge financing facility (“Bridge Facility”) and was working towards closing. The funds from the Bridge Facility would have been used to extinguish the Waterton Facility and would have provided additional working capital. The repayment terms of the Bridge Facility would have provided the Company with an extended time period for repayment, and thus increased financial flexibility. After extensive due diligence and the completion of full loan documentation, the potential lender advised Selwyn that it no longer wished to complete the transaction.

The Company's liquidity position has deteriorated as a result of various factors, including, an inability to secure additional sources of financing to fund its future obligations under the JV Agreement or for the restart of its ScoZinc Mine in Nova Scotia, and its obligation to make payments under the Waterton Facility.

Absent the Transaction, and in light of current equity market conditions, it is unlikely that the Company would be able to raise the funds necessary to maintain operations and achieve its objectives, and as a result, there has been significant doubt cast on the Company's ability to continue as a going concern. In addition, absent the Transaction, the Company would also need to raise funds to fund any required commitments to complete the Pre-Development Program Objectives under the terms of the JV Agreement. A failure to raise such funds would result in a dilution of its 50% interest in the Joint Venture.

CURRENT STATUS OF THE SELWYN PROJECT AND JOINT VENTURE

On November 19, 2012, the Company announced that the SCML management committee had confirmed a plan and budget for the completion of a feasibility study based on the revised 3,500 tonne per day mining and milling plan. The Company expects that the work to complete the feasibility study will be completed by early April 2013, with the finalization of the feasibility study expected in May 2013.

As of today's date, there remains approximately \$2.97 million of cash in the Joint Venture account into which Chihong Canada had contributed \$100 million upon establishment of the Joint Venture. Upon completion of the remaining Joint Venture expenditures, Chihong Canada will have earned a 50% interest in the Joint Venture. The Company expects that, under the terms of the JV Agreement, Selwyn will be required to contribute additional funds to the Joint Venture in order to complete the Joint Venture's Pre-Development Program Objectives. The Company also expects that, in the interim period until the Transaction is completed, it will be able to use the deposit funds to satisfy its required contributions toward Pre-Development Program Objectives.

Forward looking Statements

This press release contains forward-looking statements and forward-looking information (collectively referred to as "forward-looking statements") regarding the expected timeline for holding the meeting of Selwyn shareholders, receipt of necessary approvals and completion of Transaction, as well as the expected use of proceeds from the Transaction, the timing for completion of the feasibility study for the Selwyn Project, Selwyn's expected financial position and the advancement of the ScoZinc Mine. These forward-looking statements are based on assumptions and judgments of management regarding future events or results that may prove to be inaccurate as a result of the ability to obtain shareholder and regulatory approvals, market conditions for securities, commodities prices, the results of exploration activities and engineering studies, the availability of capital on terms acceptable to Selwyn, and other risk factors beyond Selwyn's control.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Selwyn's actual results, programs and financial position could differ materially from those anticipated in such forward-looking statements as a result of numerous factors, many of which are beyond Selwyn's control. These factors include, but are not necessarily limited to, regulatory review, the results of the work conducted to prepare the feasibility study for the Selwyn Project, results of the restart program at the ScoZinc Mine, exploration and development activities, the interpretation of drilling results and other geological data, the uncertainties of resource and reserve estimations, receipt of permits to conduct mining activities, project cost overruns or unanticipated costs and expenses, the availability of funds, fluctuations in metal prices, currency fluctuations, and general market and industry conditions. There is no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on this information. Selwyn does not undertake to update any forward-looking statements, except as, and to the extent required by, applicable securities laws. For more information about the risks and challenges of Selwyn's business, investors should review Selwyn's Annual Information Form dated March 28, 2012 and its management's discussion and analysis available at www.sedar.com.

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